UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release January 15, 1931

THE PRICE SITUATION, JANUARY 1931

FARM PRICES

A further sharp drop in the level of farm prices from November 15 to December 15 caused the index of prices received by farmers to fall below 100 for the first time since November 1915. On December 15, the index of farm prices reached 97 compared with 103 in November, 135 in December 1929 and 100 in the five years before the war.

The December decline in the general index was caused by lower prices of cotton, potatoes, hay, hogs, eggs, butter, wool and chickens, which more than offset the somewhat higher prices of oats, barley, wheat, flax and apples. Still lower prices since December 15 have prevailed for grains, hogs, wool, and butter, while prices of cattle, lambs and cotton have been slightly higher and the level of farm prices for January is likely to remain close to the December level.

GENERAL COMMODITY PRICE LEVEL

The general level of commodity prices at wholesale markets was about 2 per cent lower during December than during November. During the past three weeks of December the Annalist weekly index remained at about 115.5 compared with an average of 118.7 for November and 141.3 for December 1929. Each of the commodity groups, except metals, contributed to the lower level in December.

The December level of commodity prices was the lowest for the year. From December 1929 to December 1930 the general level of wholesale prices declined 25 points or 17.5 per cent and in December 1930 was 22 per cent below July 1929 when the recent decline in prices first began. Textile products prices and farm products have declined more since December 1929 than the average of all commodities or 35 and 39 points respectively; food products and building materials declined about as much as the general index and metals, fuels and chemical declined less, the declines for these three groups being respectively 19, 18 and 9 points. During the first week of 1931 prices remained practically unchanged from the level of the latter half of December.

Wholesale prices in foreign countries have made declines similar to that in the United States and are now at the lowest level in the recent decline. The combined index for the eight foreign countries which are important buyers of United States exports declined from 79.3 in October to 78.9 in November and compares with 92.2 in November 1929.

BUSINESS CONDITIONS

Business activity, like commodity prices, ended the year at the lowest level so far during this depression. The decline in industrial production from the peak of 1929 to December 1930 was greater than during the depression in 1920-21 and after making an adjustment for normal trend of growth the index of business activity was at a lower level than the lowest point attained in the 1921 depression. Freight car loadings, building construction, factory employment, and payrolls were lower in December than at any time since 1921 and industrial stock prices also reached new low levels since the beginning of the depression. Although the new year began with reports of increased employment in many of the automobile factories and steel industries and also on the railroads, and stock and bond prices have shown recovery from the low levels of December, it is still too early to conclude whether they mark more than a seasonal upturn in general business.

According to the Federal Reserve Board industrial production was 4 per cent lower in November than in October and recent trend in the iron and steel production, car loadings, building activity and other industries point to a still lower level of activity for December. The November index of industrial production, after declining for a period of seventeen months, was 34 per cent below the peak of June 1929. The lowest level reached in the 1920-21 depression was 34 per cent below the preceding peak of production and was reached in the eighteenth month following. Business usually reaches seasonally low points at the end of the year and is followed by improvements in late winter and spring months. Already some industries have reported increased employment during the first part of January, but it is not yet possible to indicate whether these are more than seasonal.

December 1930 marked the lowest level in industrial stock prices so far in the depression with some upturn toward the end of the year continuing into January. Unexpected weakness in bond prices in November and December was also followed by noticeable recoveries. The rapid recovery in bond prices has been an encouraging factor in the credit situation. The advance in such securities, if continued, will undoubtedly lead to further floatations of new securities, augmenting the supply of funds which may stimulate building and industrial production in general. Interest rates are unusually low following further expansion in government security purchases by the Federal Reserve System and the lowering of the New York rediscount rate to 2 per cent in December.

Business failures in recent months have been unusually numerous. This, however, is quite characteristic of the latter periods of a business depression and these failures probably will not retard the subsequent recovery in business.

The lowest points of previous business depressions have been marked by such events as advances in stocks and bonds, low interest rates, low raw material prices, and increased employment in key industries where curtailment had been too drastic. But the recent tendencies have been of such short duration that it is uncertain that they mark the turning point of the present depression. Even if this should be the turning point it is not likely that there will be any marked improvement in the demand for farm products in the near future. Any noticeable improvement in agricultural prices during the next few months would have to arise out of shortages in market supplies, rather than from improvement in industrial demand.

WHEAT

Cash wheat prices in the United States were slightly higher in December than in November. Prices of both cash and futures in world markets and prices of July futures in United States markets continued to decline during December. This further increased the amount by which cash prices in the United States are above prices in world markets and resulted in July futures in the United States being at still greater discounts as compared with May futures. The decline carried prices in world markets to their lowest level at the close of December and during early January there has been a slight recovery which is apparently due largely to the decline of shipments from Russia and to unfavorable weather interfering with the export movement in Argentina and Australia.

As the season progresses new crop prospects will become more important in affecting world prices of cash wheat and July futures in the United States and may have some effect upon domestic cash prices.

The United States average farm price as of the middle of December was 61.3 cents compared with 60.0 cents per bushel in November. The weighted average price of all classes and grades of wheat at six markets averaged 72.5 cents per bushel during December compared with 69.8 cents during the previous month. Though futures for the 1930 crop were maintained at practically a constant level during December, there was a slight decline of cash prices during the latter part of December. Thus No. 2 Hard Winter at Kansas City, which averaged 71.9 cents per bushel the second week of December, declined to 69.3 cents the week ended January 2, and No. 1 Dark Northern Spring at Minneapolis declined from 79.1 cents to 75.3 cents per bushel.

In those foreign countries where prices were not given special support there were much greater declines during December than there were in the United States. No. 3 Manitoba Northern at Winnipeg declined from 52.4 cents the first week of December to 45.7 cents the week ended January 2. At Liverpool May futures declined during the same period from 76.9 to 61.9 cents per bushel.

Except in the event of a very small production of wheat in the United States in 1931, it will be necessary for the United States to export considerable quantities of wheat as the new crop begins to move to market in volumes. In view of the present low prices in world markets and the prospect of continued abundance of world supplies, no material improvement in cash prices during the remainder of the present season seems likely to be maintained in the United States.

CORN

Restricted commercial demand, low wheat prices, and low prices of corn in foreign countries are tending to hold down corn prices in spite of small supplies. These are likely to prevent prices from being maintained at levels much higher than those now prevailing. However, some advance seems likely before summer and an acute shortage of market supplies might result in temporarily high prices. At the principal terminal markets corn is now considerably lower in price than wheat, but for the United States as a whole the farm price of corn at the present time appears to be little if any lower than that of wheat.

During December corn prices underwent a marked decline which was followed by a small rise early in January. Cash corn prices for the first week in December averaged higher than for any week since the last of October, but there followed a decline which brought prices at the close of December to levels 10 to 15 cents per bushel lower than they were a month earlier. The decline resulted in the average price for the month of December being about 2 cents per bushel lower at the principal markets than it was for the previous month. The United States average farm price as of mid-December was 64.9 cents per bushel compared with 66.3 cents the month before and 78.0 cents for December, 1929. No. 3 Yellow at Chicago, which averaged 69.5 cents per bushel for December, declined from 75.1 cents per bushel for the week ended December 5 to 62.7 cents for the week ended January 2. There was then a rise which resulted in an average for the week ended January 9 of 68.0 cents per bushel.

Receipts at 14 primary markets during December amounted to only 27.8 million bushels, which is the smallest for December of any year since 1926. For the months of November and December combined, however, receipts this year have been smaller than for the two corresponding months of 1926. Shipments were at a similarly low level. Commercial stocks, which were 7.5 million bushels December 6, increased approximately 3 million bushels each week for the next three weeks, but the week ended January 2 the increase amounted to less than 1 million bushels and during the week ended January 10 commercial stocks decreased about 200,000 bushels, making the total of commercial stocks 16.9 million bushels as of January 10.

Farm stocks of corn for grain on January 1 are estimated to be about 21 per cent smaller than a year ago. In spite of the small corn crop and the use of wheat for feed, it appears that corn is being fed liberally. If liberal feeding continues, corn supplies are likely to be reduced to a very low levels by summer and market supplies during the next few months are likely to be small. With market stocks small, prices are likely to be sensitive to the volume of receipts. Commercial demand for corn appears to be less than last year, and low wheat prices together with low prices of corn in other countries are also tending to prevent any marked improvement in the corn market. The extent to which wheat and the flinty Argentine corn can be substituted for United States corn is limited however, and if an acute shortage of market supplies of corn should develop later in the season, it would result in a temporary marked upswing of corn prices.

POTATOES

The chief factors in the prospects for potato prices during the next few months are likely to be the apparently large proportion of the crop still on farms, the continuation of the business depression and the prospects for the early southern crop. Conditions this year are somewhat similar to the 1921-22 season. By this time in the 1921-22 season business activity had already improved, though the money incomes of consumers were still very low. In the early months of 1922 prices at central markets and at country points averaged higher in January and February than in the preceding December, and declines set in thereafter with the prospect of larger supplies from the South.

The farm price of potatoes on December 15 at 90 cents per bushel, was 5 cents lower than on November 15 and 45 cents lower than prices in December 1929. At the central markets, however, a different price trend occurred. The Chicago market was apparently influenced by the light supplies in the North Central States and by the heavy supplies in Idaho and other far western States with the result that December prices at Chicago remained at the November level. At Boston and New York the lighter eastern supplies were reflected in price advance during December. At each of these central markets prices on No. 1 potatoes have been somewhat lower than the low prices in 1921, a year when supply and demand conditions were similar to the present situation. Prices at the farm on all grades and varieties have been noticeably lower so far this season than they were in 1921. The reason for this is not clear. It may reflect the fact that a larger proportion of the 1930 crop is being held at country points than was the case in 1921 and also the fact that the year's crop has a larger proportion of low grade potatoes than was the case then. During the months August - December 1930, 99,000 cars were shipped this season compared with 113,000 cars in the same months of 1921.

RICE

Prices of milled rice in the Southern Belt have remained practically unchanged since the middle of December. Rough rice prices in this area, especially long grain varieties, have shown considerable strength during the past week. Domestic demand conditions are likely to prevent any advance in milled prices during the next month except possibly for the extra fancy grades.

Stocks of rough rice remaining in farmers hands on January 1, 1931 were about 750,000 barrels larger than a year before. Mill stocks, however, were below those of last year. These reports indicate that total supplies of rough and milled yet to be marketed are about the same as a year ago. Sales of Southern milled rice from August 1 to December 31, 1930 were approximately the same as for the corresponding period last year. The December crop estimate places this years crop in the Southern Belt at about 34,000,000 bushels, practically the same as that harvested in 1929. The seasons probable supply of Southern milled rice is 990,000,000 pounds as compared with last year's supply of 993,000,000 pounds. Owing to the poor milling quality of some of this year's crop the percentage of high grades of milled rice may be lower than last year.

Total United States exports for November and December 1930 were above those for the corresponding period last year. Owing to unusually low exports during August 1930 the total exports for the first five months of the 1930-31 crop year were 6,000,000 pounds below the 107,000,000 pounds exported from August 1 to December 31, 1929. The average amount exported

during the first five months of the crop year, for the past five years was 70,494,000 pounds. Shipments to Porto Rico during the first five months of the 1930-31 season were larger than last year and about the same as the record shipments of 1928-29. Shipments to Hawaii during that period this year were the largest on record.

Prices at San Francisco for California rice continue unchanged. Domestic takings are about normal but exports are very low. Owing to relatively large supplies in California and restricted exports, prices are expected to continue weak during the next month. The December estimate of production was 7,271,000 bushels as compared with 6,222,000 bushels grown last year. Record crops are reported for Japan and China. Middle quality brown rice was quoted on the Tokyo exchange at 2.73 cents per pound December 23. This was .82 cents per pound under the San Francisco price for Fancy California-Japan. There usually is practically no movement from California to Japan until Tokyo prices become about 1 cent per pound over San Francisco. There are no indications that Tokyo prices will change materially during the next few months. The attempt on the part of Japan to dump large quantities of rice on other Asiatic, European and American markets is creating very severe competition for California rice and is likely to reduce exports of California rice to those markets.

HOGS

Contrary to usual developments at this time of year a seasonal upswing in hog prices has not yet started. Ordinarily the winter low point in hog prices is established before the Christmas holidays, but this winter prices eased downward throughout December and a new low was made the week ended January 10, when the average at Chicago dropped to $7.71 . In most years when the market distribution of hogs is normal hog prices move upward in January. In those years when the supply from January to March is relatively large compared to the supply in the preceding three months the seasonal advance in prices occurs later in the year and either no advance takes place, or is very small in January and early February. There are indications that the supply this January and February may be relatively heavy.

Hog prices at Chicago in December averaged $7.92, compared with $8.55 during November, and $9.35 during December 1929. Prices are now at the lowest level for any time since early July 1924, and are almost $2.00 per 100 pounds, or 20 per cent lower than a year ago. If allowance is made for the decline in the general commodity price level, current prices are only slightly below those of this time last year, but market supplies of hogs for the winter season thus far have been considerably smaller than those of last winter. Federally inspected slaughter in November was about 10 per cent smaller than in November 1929, and December, with one more slaughter day, showed a decrease of almost 9 per cent. More recently marketings have expanded considerably, as shown by an increase of 11 per cent over the corresponding period last winter in inspected slaughter at the nine larger centers in the two weeks ended January 9.

Fresh pork prices advanced sharply the first week in December and then resumed their decline which started in October. During the first week in January prices of fresh loins at New York were $3.00 to $4.50 lower than a year earlier. Prices of fresh hams at New York were unchanged but prices of other fresh cuts were lower, although the reductions were not so great as those on loins. Prices of cured products also declined, sharp reductions

being made on most products at the beginning of the New Year, and current prices are somewhat lower than a year ago. Lard prices have been particularly weak although stocks are very small.

The export movement of pork and lard continued relatively light through November although there was a seasonal increase of about 15 per cent over that of October. Foreign takings, amounting to about 63,000,000 pounds, were about 45 per cent below those of November 1929 and 34 per cent below the 3-year November average. This was the smallest November export movement in many years and was equal to only 9.4 per cent of the dressed weight of the hogs slaughtered as compared with 15.6 per cent in November, 1929 and 13.1 per cent for the 3-year November average. Preliminary figures show that December exports also were relatively small and reports on hog numbers and priceconditions in Europe offer little hope for material improvement in the foreign demand for American hog products for some months to come.

Holdings of pork on January 1, 1931 amounted to 523,317,000 pounds were about 16 per cent below those of January 1, 1930 and 5 per cent below the 5-year January 1 average, but they were 27 per cent larger than on December 1, 1930. Lard stocks increased 19,500,000 pounds, or 62 per cent during the month, but the total of 51,064,000 pounds on January 1 was the smallest January holdings since 1927, and was 38 per cent smaller than on January 1, 1930 and 19 per cent smaller than the 5-year January 1 average. Storage stocks on February 1 will probably show a very large increase over those on hand at the beginning of the year.

The factor which has been largely responsible for rather unexpected developments in the hog market situation this winter is the existing relationship of corn prices to hog prices. Short corn crops are usually accompanied by high corn prices which result in a relationship between corn and hog prices unfavorable for feeding. This results in a relatively large proportion of the winter supply of hogs going to market before January and a smaller proportion being shipped from January to March. This winter, however, the situation has been entirely different. In spite of the short corn crop, corn prices have been low and the corn hog ratio has been favorable for feeding. In addition, hog feeders apparently have made extensive use of wheat and barley in finishing their hogs, since these grains also have been low in price compared to hog prices. Furthermore, the section of the Corn Belt which has the largest proportion of the commercial supply of hogs was least affected by the drought and has the largest supply of corn. Weather conditions thus far have been very favorable for feeding and as a result hogs have not been rushed to market in large numbers nor unfinished. In fact, average weights have been slightly heavier than last winter and the scarcity of lightweights in recent weeks has resulted in a premium for such kinds. In the fall light hogs sold at a marked discount under heavy hogs.

While thus far there has been no bunching of marketings or any pronounced gluts in market receipts there is a possibility of something on this order developing in the next few weeks. A relatively large proportion of the late winter supply comes from the Northwestern Corn Belt, and marketings to date from this section have been relatively smaller than from other areas. The hogs from this section are also usually finished to heavy weights and this will be a factor in increasing the late winter pork supply.

Price trends during the remainder of the winter season will depend to a large extent on the volume of hog marketings since there is little promise of any early improvement in either the domestic consumer demand or the foreign outlet for American hog products.

CATTLE

Cattle prices were generally steady during December. An upward trend in the better grades of beef steers carried the average weekly price of choice steers at Chicago the last week in December to the highest level since the latter part of May, but prices of lower grade beef steers, butcher cattle and stockers and feeder fluctuated within narrow limits during the month.

While prices of all kinds of cattle at the close of 1930 were below those at the close of 1929 there was much difference in the decline as among different kinds of cattle. In general the actual decline as well as the percentage decline in prices between the two dates was smaller for better grade cattle than for the cattle of lower quality. With choice beef steers the weekly average price at Chicago for the last week of December 1930 was $1.50 below the last week of 1929, with good beef steers it was $2.12 below, with medium it was $2.75 below and with common $2.50. Average cost of stocker and feeder steers at three markets was $2.65 below. With butcher heifers the decline ranged from $2.40 for best grades to $3.25 for common, with cows from $3.25 for best grades to $2.25 for common, with bulls from $3.50 for best to $2.75 for common. Compared to prices reached in December 1921, which were the lowest for the month in the post-war period, prices of better grade cattle are relatively higher than are those of low grade cattle. Compared to the low levels reached in August of this year, choice steers at the end of the year had advanced about $3.50, good steers $2.00, medium steers $1.00 and common steers $1.00; on the other hand all butcher cattle except the best grade of heifers were lower.

Supplies of cattle in December were fairly large for the month. Receipts at seven leading markets were 10 per cent larger than in December 1929 and 10 per cent above the 5-year December average; inspected slaughter was 5 per cent above December 1929, but 11 per cent below the 5-year December average. While total steers at Chicago were about 11 per cent more than in December 1929 the number of good and choice steers was less. Shipments of stocker and feeder steers to feeding States in December were relatively large, being 13 per cent larger than in December 1929 and the largest for the month since 1925. The percentage of the December shipments to the total six months shipments, July to December, was the largest in at least twelve years. This relatively heavy movement was due largely to the declining prices of corn and other feeds and to the relatively favorable spread between fat and feeder cattle prices.

Total inspected slaughter of cattle in 1930 was 2 per cent or 154,000 head smaller than in 1929, and smallest since 1921 and second smallest since 1915. This decrease was due to the decreased slaughter of cows, which for the first eleven months was 300,000 head or 9 per cent smaller, while steer slaughter was about 150,000 head or 4 per cent larger. Calf slaughter in 1930 was about 2 per cent or 100,000 head smaller than in 1929. The falling off in the slaughter of cows was both in dairy cows and western grass cows the low prices of these having caused the holding back of many cows that otherwise would have been marketed.

Market supplies of cattle during the first quarter of 1931 are expected to be smaller than during the first quarter of 1930. Slaughter will be larger relative to marketings than a year earlier, for shipments of stocker and feeder cattle as large as during the first quarter of 1930 are hardly to be expected. In spite of the short corn crop the finish of fed cattle during these months will probably be equal to last year. Although the usual seasonal trend of prices of fed cattle is downward during this period it is not unlikely that the supply of such cattle this year will be small enough to prevent any considerable decline from present levels.

BUTTER

The continued heavy production of butter and low demand caused butter prices to decline sharply during December, instead of making the usual seasonal rise. The relationship between the farm price of dairy products and farm price of grain on December 15 continued favorable for the production of dairy products. With the low demand and prospects for a relatively large production it is probable that increases in butter prices if any, will be relatively small during the next two months.

There was a drastic decline in butter prices during December. The price of 92 score butter at New York declined 9.0 cents from December 3 to December 29. The average price during December of 32.2 cents was 3.9 cents less than in November and 8.9 cents less than in December 1929. On January 10, the price of 92 score butter at New York was 28½ cents. From November 15 to December 15 the farm price of butter declined 2.9 cents and the farm price of butterfat, 4.7 cents. The farm price of butterfat on December 15 of 30.6 cents was 11.3 cents less than the low price of a year ago.

Estimated production of creamery butter during November of 98.1 million pounds was about 1 per cent more than the large production of November of 1929. Reports from cooperatives and trade associations indicate that production during December continued larger than last year. Receipts of creamery butter at the 4 principal markets during December were approximately 10 per cent larger than in December 1929.

Farm prices of dairy products are low, but on December 15 they were still relatively high when compared with farm prices of grain and meat animals. Thus it is not probable that there will be any marked incentive to curtail production during the next few months.

Cold storage holdings of butter on January 1 of 63,349,000 pounds were 18,586 pounds or 23 per cent less than last year. Even though holdings were less than a year ago they were still about 22 per cent more than the 5-year average. The net movement of butter out-of-storage during December was only 22 million pounds or 15 per cent less than last year but was 4 per cent more than the 5-year average.

The business depression has been accompanied by a marked decline in the demand for butter. The movement of butter into consumptive channels during November of 155 million pounds was 2.9 per cent less than in November 1929. The retail price of butter in American cities, (as reported by the United States Bureau of Labor Statistics) during November averaged about 15 per cent less than a year ago. For the first eleven months of 1930 trade output of butter was 0.5 per cent less than in 1929 and retail prices averaged 15 per cent less.

With the depression in business still continuing no marked increase in consumptive demand is in prospect during the next few months. Since prices of butter during the past two years have been lower during the out-of-storage movement than during the period when butter went into-storage, it seems probable that storage demand during the summer may be relatively low.

During December there were increases in the price of New Zealand butter in London and in the export price at Copenhagen, so that the possibility of imports decreased.

CHEESE

Cheese production has continued low. Demand has also been low, and prices have declined. With relatively low demand for cheese and low prices of other dairy products, no marked improvement in cheese prices can be expected during the next few months.

The ruling price of twins on the Wisconsin Cheese Exchange declined 1 cent from November to December instead of making the usual seasonal advance of about 0.4 cents. The ruling price remained constant at 15 cents throughout December but declined 1-1/8 cents on January 2. During December there was a marked decline in the price of butter and the relationship between butter and cheese prices was more favorable for cheese production at the first of January than a month earlier.

Estimated production of cheese during November of 25.6 million pounds was 9.2 per cent less than last year but about the same as the 5-year average. The decline in production from October to November was less than average.

Receipts of American cheese at Wisconsin warehouses during the four weeks ended December 27 of 10.4 million pounds, were about 9 per cent less than last year, and 15 per cent less than the 5-year average.

Stocks of American cheese at Wisconsin primary markets have continued about as large as last year but 22 per cent above the 5-year average. Cold storage holdings of American cheese on January 1 of 63.4 million pounds were about the same as last year but 8 per cent larger than average.

The demand for cheese has been less than last year. Trade output of cheese during November was 40 million pounds or 6.6 per cent less than a year ago. The average retail price of cheese in American cities on November 15 of 33.8 cents (as reported by the United States Bureau of Labor Statistics) was 10.6 per cent less than a year earlier. For the first eleven months of 1930 trade output of cheese was 0.4 per cent less than in 1929 while retail prices averaged 7.1 per cent less.

EGGS

The downward trend of egg prices, resulting from the seasonal increase in receipts, is likely to continue until early spring, reaching a level much below that of a year ago. Consumption is poor in spite of ~~present~~ low prices, with no prospect of immediate improvement. Demand from storage operators during the into-storage season will probably be weak since prices during the out-of-storage period this season have been somewhat lower than during the into-storage period.

The price of middle western fresh extras at New York averaged 33.7 cents in December, 42 per cent below the price a year ago, while fresh firsts averaged 27.1 cents or 47 per cent below a year ago. These prices are 10.5 cents and 6.4 cents, respectively, below those of November, indicating that, except for temporary fluctuations, the seasonal peak of prices has passed. Heavy receipts and an unsatisfactory out-of-storage movement in view of the large storage holdings were the primary causes of the low prices.

Receipts at the 4 principal markets during December were very heavy being 712,000 cases or 23 per cent greater than for December 1929, and 20 per cent greater than the December 5-year average. A part of the increased receipts has probably been due to the larger than usual shipments of storage eggs from interior points to the center markets. Receipts for the first week of January, however, are about 10 per cent below a year ago.

Storage stocks of shell eggs on January 1 were 1,891,000 cases as compared to 704,000 cases a year ago and a 5-year average of 1,156,000 cases. As it is not usually practical to carry eggs in storage past March 1 the lowest holdings of the year are reached about then. If receipts during January and February are equal to the 5-year average for these months, of 1,899,000 cases, then there will be 3,790,000 cases to go into consumptive channels by the end of February. This is about 23 per cent more than the average for the past five years.

Consumption in December, as shown by trade output in the four main markets, was 10 per cent above that of December a year ago. This is relatively low in view of 23 per cent heavier receipts and 45 per cent lower prices than a year ago. It is doubtful if consumption will improve materially until business conditions are better.

POULTRY

The farm price of chickens is probably at the low point and, since the peak of receipts has passed, is likely to begin the seasonal advance soon. Low storage stocks should tend to make this advance greater than a year ago.

The farm price of chickens on December 15 was 15.3 cents, 20 per cent below that of December 15, 1929, and is a decline of .8 cents since November 15. The average decline from November 15 to December 15 over the past five years has been .3 cents.

Receipts at the 4 principal markets during December were 71.6 million pounds, about 5 per cent below a year ago and about the same as the 5-year average for December. Receipts increased 5.6 million pounds over those of November as compared with a 5-year average of 6.6 millions. January receipts over the past five years have averaged 28.5 million pounds.

Storage holdings of frozen poultry on January 1 were 104.7 million pounds or 25 per cent below a year ago and over 10 per cent below the 5-year average. These storage stocks, which will probably receive some addition during January, will be the major source of supply until late summer. On the basis of receipts from January through August being the same as the 5-year average, of 163 million pounds, the total supply for this period should be about 4 per cent below the average total supply over the past five years.

LAMBS

The lamb market was remarkably stable during December, the range on medium to choice lambs at Chicago being from $6.00 to $8.50 during most of the month, with the bulk of the lambs selling from $7.75 to $8.25. During the second week there was a short-lived advance due to a temporary shortage of supplies. Late in the month and early in January conditions in the dressed lamb market were more favorable than for several months and this was reflected in an advance in lamb prices during the first week in January, the top on lambs at Chicago going above $9.00 for the first time since October. Slaughter sheep prices during December showed no improvement from the low levels at the beginning of the month, top on fat ewes being $3.75. Compared to the close of 1929 fat lambs at Chicago were from $5.00 to $5.50 lower at the close of 1930 and feeding lambs were about $4.50 lower. The December average of lamb prices in 1930 was the lowest for the month since 1913.

Supplies of lambs in December were quite large. Both receipts at 7 markets and inspected slaughter were 30 per cent larger than in December 1929 and slaughter was much the largest for any December on record. The total slaughter of lambs and sheep in 1930 was 16,700,000 head, being 2,700,000 head larger than in 1929 and 1,700,000 head above the previous record year of 1912. In spite of this increase in total slaughter, the slaughter of sheep was considerably smaller in 1930 than in 1929, the decrease being over 200,000 head or nearly 20 per cent, this reflecting the disinclination of sheep men to sell old or dry ewes at prevailing prices. From the first of June to the end of the year, during which period the lamb supplies are almost wholly from the current year's crop, total slaughter increased 1,575,000 head, but sheep slaughter decreased 160,000 head and lamb slaughter increased over 1,700,000 head. Of this increase in lamb slaughter over 1,200,000 head was during the last four months of the year.

During January and part of February marketings of lambs will probably be about equal to those for the same period in 1930 but late in February and during March and April supplies will reflect the decreased numbers on feed in Colorado and western Nebraska.

WOOL

Wool prices at Boston declined in late December and the first part of January after having held almost steady since the middle of November. On January 3 prices on most grades were from 1 to 2 cents per pound lower than on November 22. Practically all of the declines came in the weeks of December 20 and January 3. In foreign countries wool prices weakened materially in late November and early December and wool prices at recent sales and tops prices at Bradford continue weak. The declines abroad widened the margin of domestic over foreign prices and this has been the principal cause of the subsequent declines in domestic prices. There has been no noticeable change in the fundamental factor affecting the world supply and demand situations.

On January 3 Boston prices of strictly combing Ohio and similar grease wools averaged 27½ cents per pound for 56s (3/8 blood) and 29½ cents for 64s, 70s, 80s (fine). The price on this latter grade has remained unchanged since December 6. The farm price of wool on December 15 averaged 18.4 cents per pound compared with 19 cents on November 15 and 27.8 cents in December 1929.

Estimates of the 1930-31 clip in the principal wool growing countries of the world total about 1 per cent above last year, but about 1 per cent below the record clip of 1928. Large exports have reduced apparent supplies in the Southern Hemisphere and on December 1 they were about the same as a year earlier. For the first three quarters of 1930 imports into Japan and the principal European countries, except France, were lower than for the corresponding period of 1929. In the fall months of 1930, however, imports into Germany, United Kingdom, Poland and Japan were larger than for the corresponding months of 1929. Conditioning house figures and employment returns show that the wool textile industries in Great Britain, France, and Belgium are running at materially lower levels than last year, so it is clear that large stocks of raw wool remain in foreign consuming countries. General economic conditions do not point to any material recoveries in foreign demand for wool in the near future.

In the United States reported stocks of combing and clothing wool on April 1 were 29 million pounds less in 1930 than in 1929, and imports of combing and clothing wool from April 1 to November 30 were 9 million pounds less in 1930 than in 1929. Consumption of combing and clothing wool by reporting mills from April 1 to November 30 however, was 59 million pounds less in 1930 than in 1929 and domestic production was about 30 million pounds larger this year than last. Stocks of wool in the United States are therefore materially larger than they were a year ago. Consumption of combing and clothing wool increased in September and October but fell 1.1 million pounds in November, totaling 20.8 million pounds for the month in comparison with 27.9 millions a year earlier. Consumption for the first eleven months of 1930 by mills reporting to the Bureau of the Census totaled 271.0 million pounds compared with 335.7 million for the comparable period in 1929. Wage earnings and business conditions to date give no definite evidence as yet of any immediate recovery in domestic consumer demand of material proportions.

COTTON

Cotton prices have recovered slightly from the December low point, but declining exports and low consumption have resulted in large supplies remaining in the United States. In foreign countries, demand conditions continue unfavorable and apparently there is a tendency to use cheaper cottons at the expense of American and Egyptian cottons.

Cotton prices declined considerably during the latter part of November and the first half of December, but since then have made some recovery. On December 15 the price of 7/8 inch middling at the 10 markets averaged 8.58 cents per pound, the lowest it has been this season. For the month of December the price averaged 9.16 cents per pound compared with 10.09 for November and 9.27 for the first ten trading days in January. The price received by producers averaged 8.7 cents on December 15 compared with 9.6 cents on November 15 and 16 cents in December 1929. Although the low point in December came with a general decline in speculative markets the continued low level of prices reflects the generally unsatisfactory demand conditions and the ample supply of raw cotton available.

The apparent supply of American cotton remaining in the United States on January 1 amounted to 12.7 million bales compared with 10.2 million bales a year earlier and 95 million bales on January 1, 1929. Of the 2.5 million bale increase as compared with last year in the apparent supply of cotton in the United States 1.8 million bales occurred in stocks at ports and counted interior towns as reported by the Commercial and Financial Chronicle. Stocks of American cotton in European ports and afloat for Europe on January 2 were only slightly above last year and were lower than in either of the two preceding years according to the Chronicle. Exports from the United States for the season to January 1 amounted to 3,947,000 bales compared with 4,162,000 a year ago and 4,788,000 two years ago. In the first part of the present season exports were larger than a year ago, but this comparative increase has not been maintained. For November exports were 141,000 bales lower and for December they were 144,000 bales lower than last year.

Exports of Egyptian cotton from Alexandria from August 1 through December were also below last year, according to the Chronicle, but most of the decline has come in exports to the United States which, due to the tariff, have been almost negligible this season. Port stocks at Alexandria as reported by the Chronicle amounted to 702,000 bales on January 2 against 434,000 bales a year earlier. The bulk of the Indian crop moves after the first of the year. Receipts at Bombay from August 1 through December were 200,000 bales below last year and stocks at Bombay on January 2 were 339,000 bales below last year according to the Chronicle, or only slightly higher than in 1928. The official December estimate placed the Indian cotton crop at about 2 per cent larger than the revised December estimate for last year. It should be noted however, that the commercial crop for 1929-30 as estimated from consumption exports, and change in stocks was considerably larger than the official estimate of production. Exports from India for the period August 1 to January 2 amounted to 1,242,000 bales in 1930-31 compared with 1,031,000 bales in 1929-30. Exports from India to Japan and China showed a material increase over last season and exports to Great Britain showed some increase but those to the Continent of Europe decreased.

Forwardings of all cotton to British mills for the first twenty weeks of this season were 29 per cent lower than in the comparable period last season, according to reports of the Liverpool Cotton Association. The proportion of Egyptian cotton to the total forwardings was practically as large as last year, but American cotton fell from 59 per cent of the total last year to 49 per cent this year and Indian cotton increased from 7 per cent of the total a year ago to 14 per cent this year. World takings of cotton as calculated by the Chronicle amounted to 8,024,000 bales this season to January 2, against 9,780,000 last. Takings of American cotton fell 1,595,000 whereas takings of other cotton fell 161,000 bales. Apparently, therefore, the trend toward the relatively further use of cheaper cottons, which can be attributed to the continued low consumer purchasing power, is continuing this season.

No material improvement has been reported in foreign demand conditions. The lockout in the British cotton textile industry announced for next Monday is likely to have little more than a passing effect, if any, on the world cotton situation. If long continued, however, it may react unfavorably upon Great Britain's share of the total export business and correspondingly help other exporting countries. The unusual lowness in exports of cotton goods from Great Britain in the past few months has already been discounted. Reports from the Continent of Europe indicate that the trough of the depression may be past in Poland, but conditions are still depressed throughout most of Central Europe and continued the less favorable trend in France. The drastic cut in cotton textile mill output resulted in an increase in mill margins in Japan and was followed by a moderate pickup in mill activity. Japans export trade continues low, however, and the recent further declines in the price of silver were favorable to exports of cotton products from China into Japan. Low consumer purchasing power is reported by Consul Dickover at Kobe to be increasing the sales of low count yarns in Japan and this favors the use of Indian and Chinese cottons rather than American cotton. Trade in China has not been seriously hampered of late by civil strife, but the further decline in silver has seriously affected the economic situation and has made it increasingly difficult to purchase American cotton.

Consumption in the United States amounted to 406,000 bales in December 1930 compared with 453,000 bales in December 1929. The decline from November to December amounted to only 9,000 bales this season, compared with 88,000 bales last season and 78,000 the season before last. Consumption, therefore, simply held at the previous level without making the usual December decline. The continued low level of consumption made a total for the season to January 1 of 2,012,000 bales against 2,738,000 last year and 2,779,000 two years ago. The weekly average production of cotton cloth was 47,000,000 yards for December and 52,000,000 yards for November compared with 61,000,000 for December and 69,000,000 for November 1929, according to the Association of Cotton Textile Merchants. Here again there was only a moderate seasonal decline from the previous low level. Sales, however, fell from a weekly average of 46,000,000 yards in November to 37,000,000 in December compared with an increase from 45,000,000 yards in November to 76,000,000 in December last season. Unfilled orders at the end of December amounted to 289,000,000 yards compared with 431,000,000 a year ago.

Business Statistics Relating to Domestic Demand

Year and mo.	Industrial Production 1/ (1) 1923-1925 =100	Industrial Production 1/ (2) Trend = 100	Industrial Production 1/ (3) June 1929 =100	Factory payrolls 2/	Factory employment 2/	Commodity Prices: At farms 3/	Commodity Prices: U.S. Wholesale 4/ 1910-1914 =100	Commodity Prices: U.S. Wholesale 4/ 1926 =100	Commodity Prices: Foreign 5/	Interest rates 6/	Industrial stock prices 7/
1929											
Je	127	114	100	110	102	135	151	96	93	6.00	315
Jl	124	111	97	109	102	140	154	98	94	6.00	344
Aug	123	110	96	110	102	143	153	98	93	6.03	361
Sep	122	109	95	110	101	141	153	98	94	6.12	365
Oct	117	104	91	106	100	140	151	96	93	6.09	321
Nov	106	94	82	101	98	136	148	94	92	5.55	233
Dec	99	88	77	98	95	135	148	94	91	5.00	247
1930											
Jan	104	92	81	97	94	134	146	93	90	4.89	252
Feb	107	94	83	95	93	131	144	92	88	4.65	268
Mar	104	92	80	94	92	126	142	91	86	4.18	277
Apr	106	93	82	95	92	127	142	91	86	3.88	288
May	104	91	81	93	91	124	140	89	84	3.69	269
Je	100	88	77	91	89	123	136	87	84	3.54	239
Jl	94	82	72	85	86	111	132	84	83	3.16	232
Aug	91	79	69	82	85	108	132	84	83	3.00	231
Sep	91	79	69	83	84	111	132	84	81	3.00	232
Oct	88	76	67	78	83	106	129	83	79	3.00	196
Nov	84	73	64	74	81	103	126	80	79	2.90	182
Dec						97				2.90	170

1/ Federal Reserve Board, 1923-1925 = 100, (1) adjusted for seasonal.
(2) adjusted for seasonal and trend.
(3) per cent of peak in June 1929.

2/ Federal Reserve Board, 1923-1925 = 100,- - adjusted for seasonal.

3/ U. S. D. A., Aug. 1909- July 1914= 100

4/ Bureau of Labor Statistics.

5/ Weighted average of index for eight foreign countries--United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands, 1926 = 100.

6/ Commercial paper at New York, adjusted for seasonal.

7/ Dow - Jones index.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release February 16, 1931

THE PRICE SITUATION, FEBRUARY 1931

FARM PRICES

The trend of farm prices continued downward through the first six weeks of 1931. On January 15 the index of farm prices at 94 was 3 points below a month earlier and 40 points below January 15, 1930. The level of farm prices in mid-January was the lowest since January, 1912, and market prices had declined to still lower levels by the first part of February.

Exceptions to the general price decline, however, are found in some farm products. Small advances occurred in the farm prices of potatoes, apples, cattle, lambs, and chickens but these were insufficient to offset the sharp declines in dairy and poultry products and lower prices for grains, cotton and hogs from December 15 to January 15. Since January 15 slight advances have occurred in the market prices of lambs and cotton, but these have been more than offset by declining prices for most grains, cattle, hogs, dairy and poultry products, wool, apples and potatoes. In view of the predominance of price declines at the central markets up to February 10 it is likely that the index of farm prices will be lower on February 15, than on January 15.

GENERAL COMMODITY PRICE LEVEL

The general level of wholesale prices, like agricultural prices has continued downward during the first six weeks of 1931 and in the first week of February reached the lowest levels since early in 1916. On February 10 the Annalist index of wholesale commodity prices was only 11.8 per cent above the 1913 price level, and was 25 per cent below the latest peak of prices in July 1929.

The greatest price declines during the four weeks January 6 to February 10, 1931, were in farm products. The Annalist index of farm products declined 6 points during this period, food prices declined 5.3 points, chemicals 3.5 points, fuels 2.7 points, textiles 2.6 points and metals .4 of a point. Prices of building materials and miscellaneous commodities were practically the same for both periods. The net result of these price changes was a decline of 3.8 points in the all commodity index.

Business activity in most foreign countries continues to decline and has been accompanied by declining prices. The general price level in most foreign countries to which United States products are exported has fallen as much as in the United States.

BUSINESS CONDITIONS

After many months of general recession improvement in certain lines of business appeared in January but the increase in total industrial production does not appear to have equaled the customary gain for that month. The slowing up in business activity during the latter half of January and the first

part of February is in line with other indications that the improvement in business activity is likely to be irregular and that little more than the usual seasonal advance can be expected during the first quarter of 1931.

After allowances are made for seasonal changes, the textile industry, particularly cotton textiles, showed noticeable improvement; iron and steel, shoe and tire, production increased slightly; a marked increase occurred in contracts awarded for public works and utilities but this was nearly offset by a further decline in residential construction; automobile and bituminous coal production declined somewhat and were reflected in a lower volume of freight car loadings. As a result of these different tendencies business activity by the first week of February remained near the low point of this depression.

Factory employment and payrolls both continued downward from November to December after adjustment for seasonal variation. The Federal Reserve Board's index of employment at 79.3 in December was 1.5 points below a month earlier and the index of payrolls was 72.9 compared with 74.4 in November. Considerable increases in employment took place in the early part of January, but as this is a usual seasonal occurrence it is impossible to say as yet whether there was more than the usual seasonal increase in employment.

The stock market in January continued steady, in spite of unfavorable earnings reports and disappointing business improvement but during the first part of February trading in stocks increased and prices made substantial advances. Bond prices have also continued upward regaining a large part of the loss during the latter part of 1930. Business failures continue unusually large, and the number of bank failures during January, while not as great as in December, were still large. These conditions usually accompany the low phase of a business depression.

The continuation of the low rate of employment and reduced payrolls is being increasingly felt in the demand for farm products so that little improvement in farm product prices can be expected until business improvement is material enough to allow increased employment and greater earnings.

WHEAT

Cash wheat prices in the United States were slightly lower in January than in December. Prices of both cash and futures in world markets, and futures for the 1931 crop in United States markets fluctuated during January in a narrow range and at about the lowest levels thus far this season. During the first ten days of February, however, there was a marked strengthening of July and September futures in United States markets and of both futures and cash prices in the principal foreign markets. The low level of prices is due to the continued abundance of present and prospective supplies in comparison with current and expected consumption. The recent advance was apparently due mainly to improved sentiment in markets. This appears to have been influenced by reports of unfavorably dry conditions

for 1931 crops in North America, by increased estimates of ex-European takings for the current season, by reports of damage to new wheat in Argentina and Australia, and by improved outlook for European takings during the rest of the season. Indications that India, in spite of record crops last spring, may even be a net importer for this crop year ending April 1, 1931, were also encouraging.

The United States average farm price as of the middle of January was 59.1 cents, compared with 61.3 cents per bushel in December. The weighted averaged price of all classes and grades of wheat at 6 markets was 70.8 cents per bushel for January, compared with 72.5 cents for the previous month. The prices of May futures in United States markets east of the Rocky Mountains continue to be maintained at approximately the levels established during the latter part of November, fluctuations about these levels being small. About mid-January there was some strengthening of the May futures and of cash prices. The advance was lost, however, during the following three weeks. The first week of January the average cash price of all classes and grades at 6 markets was 70.7 cents per bushel; it then rose to 72.5 cents for the week ended January 16 and declined to 70.8 cents for the first week of February.

While May futures and cash prices in the United States have continued fairly stable and well above their usual relation to prices abroad, July futures here and May and July futures and cash prices in foreign markets have fluctuated more widely. Liverpool May futures rose from about 61 to 64 cents per bushel in the first half of January, declined in the latter half of that month to nearly 60 cents, and then rose to 65 cents on February 10. At Winnipeg, while the general course was similar, prices showed a greater advance, which amounting to 10 cents a bushel between January 2 and February 10. Argentine prices, on the other hand, registered no net advance; Buenos Aires March futures closing on February 10 fractionally lower than on January 2. In England, Argentine wheat has been very cheap, in spite of moderate shipments, and Australian wheat, though several cents higher, has fallen relative to other wheats.

At Chicago, July futures continue to be above the level of the same option at Liverpool. Early in January they were only about 2 cents higher, but the spread has been increased until on February 10 Chicago futures closed over 4 cents per bushel higher than Liverpool. The July future at Chicago is normally considerably lower than at Liverpool.

Large world stocks of wheat continue to be a depressing factor on foreign prices, and there is no prospect that stocks will be reduced to a normal level by next July. Furthermore, the present market situation is affected by distressed selling from some exporting countries, particularly Australia. Despite the evidence of unwillingness on the part of some holders to sell at present levels a certain amount of distressed selling, together with shipments from Russia, may be sufficient to prevent any

material advance in prices in the near future. The extent of Russian shipments within the next few months remains uncertain, and the danger of distressed selling by Australia and Argentina is not over. On the other hand, the market has recently been strengthened by the continued drought and lack of snow cover in the winter Wheat Belt of the United States, by indications of an increase in world takings of wheat during the remainder of the season, and by damage to the new crop from heavy rains in Argentina and Australia. In addition there may be some improvement in world business conditions during the next few months which would contribute to an improved demand and to further unwillingness of holders to sell at present price levels. The movement of world prices within the next few months will be largely dependent upon new crop prospects, and these prospects will become more and more important as the season progresses. A marked improvement in world prices would be necessary, however, in order to bring them in line with the present level of cash prices in the United States.

CORN

The combination of short supplies and restricted demand has continued to keep the corn market erratic and at low levels during the past six weeks. At the principal terminal markets, corn is considerably lower in price than wheat, but for the United States as a whole the January 15 farm price of corn was still slightly higher than that of wheat, and a similar situation appears to exist at the present time. The commercial demand may be expected to continue restricted until it is changed by marked improvement in business conditions, or by a material rise in wheat prices. Meanwhile, supplies of corn coming from country points are likely to continue to be small, and prices to be erratic throughout the remainder of the season.

After reaching a low point about the end of December, corn prices rose sharply early in January; No. 3 Yellow at Chicago rising from an average of 62.7 cents per bushel for the week ended January 2 to 68.0 cents for the week ended January 9. This rise was followed by a gradual decline during mid-January and then by a sharp decline which brought the level during the last week of January and the first week of February to averages of 62.6 and 62.4 cents per bushel respectively. For the month of January as a whole, the average price of No. 3 Yellow was lower than in December, being 65.4 cents per bushel compared with 69.5 cents during the previous month and 85.1 cents per bushel for January, 1930. The United States average farm price as of January 15 was 61.7 cents per bushel compared with 64.9 cents during the previous month, and 77.3 cents for January, 1930.

Receipts at 14 primary markets during January, 1931 were very small, amounting to but 19.3 million bushels compared with 31.2 million in January, 1930, and an average of 32.0 million bushels for the five years 1926 to 1930. For the three months of the current season, November to January inclusive, receipts have amounted to only 64.3 million bushels compared with 81.6 million during the corresponding period of last year, and 86.9 million during the first three months of the past crop year. Commercial stocks at the close of the week ended February 7 amounted to 17.4 million bushels compared with 18.8 million for the corresponding week of 1930, and an average of 29.0 million for the corresponding week of the four years 1927 to 1930 inclusive. Stocks have remained nearly constant at a level of approximately 17 million bushels for the past five weeks, having been 17.2 million, January 3. It is unusual for stocks not to increase at this time of year. Last year the

increase during the corresponding period amounted to 8.2 million bushels and for the four years 1927 to 1930 inclusive it amounted to 6.4 million bushels.

Commercial demand for corn continues small as indicated both by the disappearance at 14 primary markets and by reported wet process grindings. During the month of January wet process grindings amounted to 6.0 million bushels compared with 7.6 million for January 1930, and an average of 7.4 million for the past five Januarys. For the months, November to January inclusive of the current season, wet process grindings have amounted to 16.7 million bushels, compared with 20.1 million during the corresponding months of last season, and a 5-year average of 19.1 million. Disappearance at 14 markets for the first fourteen weeks of the current season has amounted to 20.6 million bushels compared with 30.8 million during the corresponding period of 1929-30, and a 5-year average of 33.1 million. Mild weather throughout the heavy feeding area has lessened the necessity of heavy feeding and thereby decreased the demand for corn in deficit areas and increased the amount that could be marketed from surplus areas.

With market stocks small and showing no significant increase during the past month, corn prices at the principal markets may be expected to continue to be sensitive to the volume of receipts and to change in commercial demand. It seems likely that the open weather which has prevailed during most of the winter thus far has tended to encourage early marketing of the corn crop. It is likely that, compared to normal, marketings thus far this season, have been heavier than they can be expected to be during the remainder of the season unless prices should improve. Under these conditions, commercial stocks are likely to continue to be smaller than usual and may not increase much, if any, above present levels. Ordinarily the peak of commercial stocks is reached by the middle of March and stocks then decline fairly steadily throughout the remainder of the season. While no marked increase in commercial demand is in sight at the present time, it should be borne in mind that any substantial improvement in demand is likely to be faced with very small commercial stocks to supply it, and that a considerable rise in prices would be necessary in order greatly to increase supplies coming from country points. Importations of corn have declined since October but if the Argentine crop should turn out favorably as now appears probable, there is a possibility that prices there might be so low, when the new crop comes to market in April or May, as to limit corn price advances in the United States.

RICE

Prices of milled rice in the Southern Belt for January averaged about the same as for December. Rough rice prices during January were above December levels. During the next few weeks prices of milled rice may advance slightly but prices of rough rice are not expected to advance until the present stocks of rough in millers hands are reduced somewhat.

Stocks of rough rice remaining in farmers' hands on February 1 were somewhat larger than those of a year ago. Supplies of rough and milled rice in all positions, however, were about the same as on February 1, 1930. The movement of milled rice into consuming channels during January 1931, was larger than for any January in recent years, and the movement of rough rice to mills was the largest for any January on record. Stocks in wholesalers' hands are generally reported to be low. If the usual seasonal domestic consumption prevails during the next two months, the movement of milled rice from mills to wholesalers in the domestic market will probably be larger than for the corresponding period last year.

United States exports for January total about 31,000,000 pounds, nearly 4,000,000 pounds more than for January, 1930. Shipments to Porto Rico also continued relatively large during January.

Prices of both milled and rough rice in California markets registered some improvement during January. These prices may be maintained, but further advances in the immediate future are unlikely. Exports from San Francisco continued very low because of the competition of Japanese and other rices in foreign markets. Shipments of California rice to Hawaii, however, continued above the level of previous years.

HOGS

The seasonal upswing in hog prices that usually gets under way in late December and continues until March has not materialized because of the business depression both here and abroad and the later marketing of hogs this year. Any price advance that may take place during the next two months is expected to be small since domestic and foreign consumer demand continues low, and relatively large numbers of finished hogs remain to come into market. The low demand for pork products is evidenced by the rapid increase in storage stocks during January.

Hog prices at Chicago in January averaged $7.65, compared with $7.92 during December and $9.78 during January 1930. During the seventeen weeks since the fall peak of $9.68 was reached in October up to and including the week ended February 7 the weekly average price has declined in every week but three. The average of $7.25 for the week ended February 7 showed a decline of $3.12, or 30 per cent from the corresponding week in 1930 and was the lowest for any week since early July, 1924.

Federally inspected slaughter in January amounting to 5,362,000 head was 7.2 per cent larger than in January 1930. The weekly slaughter at nine centers indicates that most of this increase came during the first three weeks in the month. Slaughter at these centers during the two weeks ended February 13 was 5 per cent smaller than during the corresponding period last year. Total hog slaughter under Federal inspection during the first four months of the hog crop year that began last October was 915,000 head, or about 5 per cent smaller than during the corresponding period a year earlier. Total slaughter from February to April, inclusive probably will not be greatly different from the corresponding period last year.

Partly as a result of unseasonably mild weather, prices for fresh pork products at New York declined about 10 per cent during January, 1931. The average for 10-12 pound loins for the first week in February was $14.25 compared with $16.00 during the first week in January and $19.00 during the first week in February 1930. Wholesale prices for most cuts of cured pork have shown little change since early January. Bacon prices for the week ended February 7 were not greatly different from those of a year earlier but the weekly averages for most other cured cuts were from 10 to 15 per cent lower than those for the corresponding week in 1930.

The export movement of pork and lard continued relatively light through December. Foreign takings, amounting to about 61 million pounds were about 41 per cent below those of December 1929 and 39 per cent below the 3-year December average. This was the smallest export total in at least twenty years. The ratio of exports to dressed weight of hogs slaughtered was only 7.7 per cent as compared with 12.3 per cent in December, 1929 and 11.6 per cent for the 3-year December average. Although there was a seasonal increase in hog products exports during January, loadings from the principal ports of the United States were about 27 per cent smaller than in January 1930. The foreign outlook offers little prospect of any material improvement in the demand for American hog products for some time to come.

As a result of increased slaughter, reduced exports, and a probable reduction in per capita consumption, storage stocks of pork and lard accumulated at an unusually rapid rate during January. Storage supplies at the beginning of the present hog crop year on October 1, 1930 were smaller than those at the beginning of the 1929-30 crop year by the equivalent of about 1,600,000 hogs. By January 1, 1931 this difference in storage stocks, when compared with a year earlier, had been reduced to an equivalent of about 800,000 hogs and on February 1 storage stocks were equivalent to about 31,000 hogs more than on February 1 last year. Holdings of pork on February 1 amounting to 721 million pounds were about 38 per cent above those of January 1, 5 per cent above those of February 1, 1930, and 8 per cent above the 5-year February 1 average. Although lard stocks increased 11 million pounds, or 22 per cent, during the month the total of 63 million pounds on February 1 was still 32 per cent below that on February 1, 1930 and 30 per cent smaller than the 5-year February 1 average.

As a result of continued favorable feeding weather, low prices for grain, and a hope of a seasonal advance in hog prices, farmers have been marketing their hogs at heavier weights than last year despite the price differentials in favor of lighter hogs. Thus far there have been no pronounced gluts in market receipts and although most of last spring's crop of pigs that is still on farms probably will be marketed before May it seems likely that weekly receipts in the next two months will not vary materially in numbers from those in corresponding weeks in 1930.

CATTLE

Cattle prices were fairly strong during the first half of January, but broke rather sharply during the second half and this decline continued into February. The decline was most marked with the better grades of all kinds of slaughter cattle. The average weekly price of choice steers at Chicago declined about $1.50 from the first week in January to the first week in February, with good steers the decline was about $1.10, with medium $.50 and with common $.30. While grade by grade beef steers at Chicago early in February were above the low levels reached in August, 1930, the weekly average of all steers the first week in February was the lowest since 1925. This low average was due to the small proportion of good and choice steers in the total.

The weakness in cattle prices was caused by a further drop in demand for beef and other meats and the decline in prices of hides and offal. Cattle supplies in January were relatively very small. Receipts at 7 leading markets were 12 per cent smaller than in January, 1930, and the smallest for January in fifteen years; inspected slaughter was the smallest for January since 1922, being 9 per cent below January, 1930 and 14 per cent below the 5-year January average. Receipts at Chicago were the smallest for January since 1886.

The total of beef steers at Chicago was 9 per cent below January, 1930, with choice steers 72 per cent less and good steers 40 per cent less. The total of only 900 choice steers was one of the smallest monthly supplies of choice steers on record.

During the period of decline prices fluctuated considerably within the week, reflecting the changes in supplies. In turn supplies were more than normally responsive to fluctuations in prices. The weakness in the market for beef cattle tended to reduce the demand for unfinished cattle. During the first half of January shipments of stockers and feeders were relatively large, but decreased during the second half as the prospective profits on cattle on feed tended to disappear.

Cattle prices are now on so low a level, in relation to the available supply, that further considerable declines are not likely and some recovery may result if temporary over supplies can be avoided.

BUTTER

The sharp decline in butter prices in recent months has been confined almost entirely to the United States and domestic prices are now as low as world prices. In spite of low prices, however, production of butter continues heavy due to continued mild weather, the low prices of feed, the increased number of dairy cows being milked and the larger amount of surplus milk in fluid milk producing areas. The consumption of butter continues low, because of the low purchasing power of consumers. Although butter prices are now at an unusually low level little improvement can be expected until production is curtailed or consumer purchasing power is increased. The seasonal increase in butter production begins in March, with the peak of production usually being reached in June.

Following the drastic decline in butter prices during December, the price of 92 score butter at New York remained relatively constant during January, varying from 27.5 to 29.0 cents. The January price of 28.5 cents was 3.7 cents less than in December and 8.1 cents less than in January, 1930. On January 29 Danish butter at London was 30 cents per pound as compared with 29 cents for 92 score at New York. During the first week in February the price of 92 score at New York declined to a new low of 27.0 cents, but a part of the loss was recovered during the second week of February when the price advanced to 28.5 cents on February 13. The farm price of butter on January 15 was 31.0 cents and the farm price of butterfat 26.2 cents. The farm price of butter was 19 per cent less and the farm price of butterfat 29 per cent less than a year earlier.

Estimated production of creamery butter during December of 106.2 million pounds was 8.2 per cent more than in November and 4.2 per cent more than the large production of December 1929. December production usually exceeds November by only about 4 per cent. Reports from cooperatives and the Pacific Coast indicate that January production was equal to or larger than a year ago. Butter receipts at the 4 principal markets during January were 5.2 per cent larger than in January 1930.

The estimated number of dairy cows (cows and heifers 2 years old and over) on farms January 1 was 2.3 per cent more than a year earlier. On January 15 the index number of the farm price of dairy products was 107 as compared with 77 for grain, making relationship between the index numbers of the farm price of dairy products and the farm price of grains was 139 on January 15 as compared with 116 for the 5-year average. The mild winter, the increase in the number of cows, and low price of grain have all been factors in increasing production. Increasing milk production in the face of curtailed demand for whole milk has led to a steady increase in the amount of surplus fluid milk to be converted into butter and other dairy products.

Cold storage holdings of butter on February 1 of 46,771,000 pounds were 22 per cent less than a year ago, but 37 per cent more than the 5-year average.

Trade output of butter in December of 166.5 million pounds was 0.9 per cent less than in December 1929. On December 15 the retail price of butter in cities (as reported by the Bureau of Labor Statistics) was 42.5 cents per pound or 18 per cent less than in December 1929. The low demand for butter will probably continue during the next few months and, as in the case of other farm products, any substantial increase in demand depends on recovery in business and in consumers' purchasing power.

CHEESE

Cheese production and consumptive demand continue low. With the seasonal increase in production, continued low demand and relatively low prices of other dairy products, no improvement in cheese prices can be expected during the next few months.

The ruling price of twins on the Wisconsin Cheese Exchange during January averaged 14.0 cents, 1 cent lower than in December and 4.3 cents less than in January, 1930. On February 6, however, the ruling price declined to 13.5 cents. The decline in cheese prices since November, 1930 has not been as great as the decline in butter prices.

The estimated production of cheese during December of 26.6 million pounds was 4.8 per cent less in December 1929. Production in December 1930, however, was 4.1 per cent larger than in the preceding month. This was an unusual change since the seasonal low point in production usually comes in December.

Receipts of cheese at Wisconsin warehouses during the four weeks ended January 31 of 11.8 million pounds were 10.6 per cent less than last year and 13.9 per cent less than the 5-year average. Receipts for the four weeks ended January 31 were about 10 per cent greater than for the preceding four weeks. Total production of cheese for January will probably show more than the usual seasonal increase over December.

Stocks of cheese at Wisconsin primary markets on January 31 were about the same as last year but 18 per cent larger than the 1926 to 1930 average. The seasonal decrease in stocks since January 1 has been relatively large. Cold storage stocks of American cheese on February 1 of 54,511,000 pounds were about the same as last year but 9 per cent more than average.

The demand for cheese continues low. In spite of the lower prices, the movement of cheese into consumptive channels during December of 39.5 million pounds was 3.7 per cent less than in the preceding December. The December retail price of cheese in American cities (as reported by the Bureau of Labor Statistics) of 33.2 cents was 12 per cent less than in December, 1929.

EGGS

Under the influence of exceptionally heavy receipts and excessive storage holdings, egg prices dropped to very low levels in January, the decline continuing into February. Prices during early spring are not likely to decline much below the level reached by the end of February. Unless receipts fall materially below average, the weak demand situation will tend to prevent an early seasonal rise in price.

The prices of fresh extras at New York averaged 25.9 cents during January as compared with 45.0 cents a year ago. This represents a decline of 18.3 cents from the November average, usually the peak of the year. This compares with a decline of 13.1 cents during the same period a year ago and a 5-year average decline of 14.4 cents. Fresh firsts averaged 23.4 cents in January while a year ago the price was 42.7 cents. Pacific Coast White Extras, which were 45.6 cents in January, 1930, averaged 29.2 cents in January 1931.

Receipts of eggs at the 4 markets in January were the largest on record for the month being 968,000 cases, or 110,000 cases more than a year ago and more by the same amount than the 5-year average. In view of present low egg prices and the tendency to market poultry, receipts are not likely to be maintained so much above average during the spring months.

Storage stocks of shell eggs are heavy for this season of the year being 734,000 cases on February 1 as compared to 139,000 cases a year ago and to 249,000 cases for the 5-year average. The out-of-storage season usually ends about March 1, so that the period during which storage eggs are a factor in determining market price is about over.

The demand situation for the coming spring will probably be weak. Storage operators suffered large losses this past season, refrigerator firsts in October, November and December averaging nearly 4 cents below the April and May price of storage packed firsts. In 1929 prices during the out-of-storage period were over 8 cents above prices when eggs went into-storage and usually averages about 5 cents above. The cost of keeping eggs for the storage season is about 3 cents a dozen. Stocks of frozen eggs are now large and the demand for eggs to be frozen is not likely to be as strong this spring as it was a year ago. With the present low poultry and egg prices there will probably not be as strong a demand for eggs for hatching as last year.

POULTRY

The seasonal advance in the farm price of chickens, now under way, was below average in January due to relatively large receipts. With receipts gradually diminishing during the spring and with relatively low storage stocks the seasonal price advance should be about average for the spring as a whole.

The farm price of chickens on January 15 was 15.7 cents as compared to 19.8 cents a year ago. This represents a rise of .4 cents since the low of December 15 which corresponds to a rise of .7 cents a year ago and a 5-year average rise of .6 cents.

Receipts of dressed poultry at the 4 markets during January were 33.0 million pounds as compared with 32.2 million pounds a year ago and a 5-year average of 28.5 million pounds. The large receipts reflect the tendency to market chickens in the laying flocks because of the unfavorable egg prices.

Cold storage holdings of frozen poultry, the principal source of supply during the spring and summer, are relatively low, being 101 million pounds on February 1 as compared with 141.6 million pounds a year ago and a 5-year average of 123.2 million pounds.

LAMBS

Lamb prices were steady during the first two weeks of January, but about the middle of the month they advanced sharply. This advance carried the top on slaughter lambs at Chicago from $8.75 to $9.85, the highest since last August. A considerable part of this advance, however, was lost by the end of the month and the top again went below $9.00, with the bulk of the supply selling from $8.25 to $8.75. The quality of the receipts fluctuated considerably during the month, with resulting sudden shifts in the relative prices of different weights and grades. When choice, medium weight lambs were relatively scarce, the price discrimination against heavy lambs decreased and against lower grade lambs increased. When there was a good supply of choice lambs, the price discrimination against heavy lambs increased and against lower grade lambs decreased.

Supplies of lambs in January were relatively large, with receipts at 7 leading markets 9 per cent larger and inspected slaughter 17 per cent larger than in January 1930. Inspected slaughter was 25 per cent larger than the 5-year January average and the largest for January on record. The supply in January came largely from the Corn Belt feeding areas since the movement out of Colorado and western Nebraska was small both relatively and in total numbers. Feed conditions in the main sheep section of Texas are very favorable and a heavy spring run of grass fat yearlings and wethers is probable from this area. It is reported that there is some tendency to use supplemental feeds for market stock in order to get them in condition for shipment earlier than usual.

While supplies of fed lambs during February, March and April will be below last year, the reduction may be most evident in market receipts during the earlier part of this period if the tendency to hold back shipments in the Western area continues. During the next two months prices of lambs will probably be more than usually responsive to fluctuations in supplies. For the past four months there has been apparent difficulty in moving dressed lambs, whenever the price of live lambs approached 9 cents. The same situation developed in January when prices of live lambs went above 9 cents. With pelt values very low all advance in live lamb prices has to be added to the dressed price.

WOOL

Wool prices in the United States continue to weaken in response to declines in foreign countries. At the opening of the London wool sales in January prices fell sharply, but many holders withdrew wool from the auctions and prices made a partial recovery before the close of the series. As a result of the declines the margin of domestic over foreign prices for fine wools became the widest it had been for several years. Consumption through December was below the low consumption of last December.

Wool prices at Boston declined generally in late January and the first week of February. Finer fleece wools were generally steady or made only small declines and some of the strictly combing fine fleece wools made slight advances. Territory wools fell materially, the declines from January 3 to February 7 ranging from ½ cent per pound to 4½ cents per pound. On February 7, 56s (3/8 blood) Ohio and similar grease wool averaged 25½ cents per pound for the strictly combing lengths and 23½ cents for the clothing lengths. The 64s, 70s, 80s (fine) wools of this class averaged 30 cents per pound for strictly combing and 22½ cents per pound for clothing lengths. The farm price of wool on January 15 averaged 17.4 cents per pound compared with 27.4 cents in January, 1930 and 35.9 cents in January, 1929.

The first series of the 1931 London wool sales opened on January 20 with severe declines in prices. Wools of 64s and 70s grades fell over 22 per cent from the close of the previous series on December 13. Declines on the lower grades were less severe. As the sales progressed prices recovered, due largely to the withdrawal of wool from the sales. At the close of the series, however, prices were still materially below those at the close of the December series.

Exports of wool from New Zealand for the period July 1 to December 31 amounted to 153,000 bales in 1930 compared with 134,000 bales in 1929. The increase came in July, August and September while stocks of wool held from the previous season were still being exported. For the last three months of the year exports amounted to 74,000 bales in 1930 compared with 93,000 in 1929. Exports from Australia have been materially higher this season than last. For the period July 1 through December they amounted to 1,467,000 bales compared with 1,120,000 in 1929. The fall in the Australian exchange rate is considered to have hastened the exports of wool this season. In addition Australian owners have been more willing to accept prevailing prices this season than they were a year ago.

Imports of wool into the United States are materially lower than they were a year ago although they are making some seasonal increase. Total imports into Boston, New York and Philadelphia amounted to 13,700,000 pounds in January 1931, compared with 26,800,000 in January 1930. Imports of combing and clothing wool are reported to have been 5,100,000 pounds this January and 8,500,000 pounds in January last year. Consumption of combing and clothing wool in the United States was 19 per cent less in 1930 than in 1929. For the month of December, consumption by reporting mills amounted to 22,000,000 pounds which was 10 per cent less than in December 1929.

COTTON

Cotton market prices have had a general upward trend since mid-December, due to the improvement in business sentiment and to a recovery in domestic cotton textile activity. Some minor improvement has taken place in the foreign demand situation but exports through January were still running below last year and stocks of raw cotton in the United States continue to increase in comparison with stocks at corresponding dates a year ago.

The recovery in domestic cotton prices by February 11 amounted to over $1\frac{1}{2}$ cents per pound from the low point of December 15. Middling 7/8 inch cotton at the 10 spot markets rose to 10.11 cents per pound on February 11, the highest price since November 19. The farm price on January 15 averaged 8.6 cents per pound compared with 15.8 cents on January 15, 1930. The general price movements of foreign cottons at Liverpool have been similar to those of American cotton. During the period of declining prices, however, Egyptian-Sakellaridis fell more than American middling, and although it has recovered more since the rise has been under way, the margin of Egyptian Sakellaridis over American at Liverpool narrowed nearly 0.4 cent per pound from October 31 to February 13. On the other hand, the Egyptian Uppers increased about 0.7 cent, Brazilian Ceara about 0.4 cent, and Indian Oomra decreased 0.2 cent relative to American middling at Liverpool. However, the margin of American spot cotton at Liverpool over the average of the 10 spot markets was about 0.6 cent per pound less on February 13 than on October 31. In comparison with prices of American cotton in the United States, therefore, Uppers at Liverpool were about the same on February 13 as on October 31, and Sakellaridis, Ceara, and Oomra were cheaper.

The apparent supply of American cotton in the United States on February 1 amounted to 11.6 million bales in 1931 compared with 8.9 million in 1930. Stocks at United States ports and counted interior towns were about 2 million bales larger on February 6 this year than last, and stocks of American cotton in European ports and afloat for Europe were essentially the same as a year ago, according to the Commercial and Financial Chronicle. Stocks of Egyptian cotton at Alexandria are much larger than last year, and exports are considerably lower than a year ago. Most of the reduction in Egyptian exports is due to the small takings of the United States since the tariff on long staple cotton has been in effect. Exports from India have been well in excess of last season, most of the increase going to Japan and China. Stocks at Bombay continue to be lower than they were last year, and the increase in January was not as great as it was in 1930. Trade sources estimate the Indian crop to be lower than that of last year.

Exports of cotton piece goods from Great Britain increased slightly in January, but are still unusually low. The ending of the lockout of British weavers relieves the British industry of a situation which would have hampered its export trade and may reflect a more optimistic opinion on the part of mill owners as to the future course of trade. The Japanese cotton textile industry appears to be maintaining its increased rate of output evident in recent months. Textile trade within China is quite satisfactory but recent declines in silver exchange are making it increasingly difficult for other countries to export cotton and textiles to China.

Exports of cotton from the United States continue less than last season. For January exports to each of the important countries except Japan were less than last year, and the total for the month amounted to 625,000 bales compared with 729,000 in January, 1930. For the season to the end of January exports amounted to 4,571,000 bales this year and 4,891,000 bales last year.

Sales and production of cotton cloth increased in January over the low point of December, according to reports of the Association of Cotton Textile Merchants of New York. Weekly average production increased almost to the November level, so that the general trend may be said to have been moderately upward from the low point reached in July. Weekly average sales recovered fairly well towards the levels reached in September and October. Consumption of raw cotton also increased in January to 454,000 bales. The daily rate of consumption for January was approximately 2,400 bales above the December level and 4,300 bales above the August low point. However, January consumption was 21 per cent or 122,000 bales below a year ago and did not make as much of an increase over December as occurred in either of the two previous years. Consumption for the season through January amounted to 2,466,000 bales, a decrease of 26 per cent or 848,000 bales from that for the corresponding period last year.

Business Statistics Relating to Domestic Demand

Year and mo.	Industrial Production 1/ (1) 1923-1925 =100	Industrial Production 1/ (2) Trend = 100	Industrial Production 1/ (3) June 1929 =100	Factory payrolls 2/	Factory employment 2/	Commodity Prices: At farms 3/	Commodity Prices: U.S. Wholesale 4/ 1910-1914 =100	Commodity Prices: U.S. Wholesale 4/ 1926 =100	Commodity Prices: Foreign 5/	Interest rates 6/	Industrial stock prices 7/
1929											
Je	127	114	100	110	103	135	151	96	93	6.00	315
Jl	124	111	97	109	102	140	154	98	94	6.00	344
Aug	123	110	96	110	102	143	153	98	93	6.03	361
Sept	122	109	95	110	101	141	153	98	94	6.12	365
Oct.	117	104	91	106	100	140	151	96	93	6.09	321
Nov	106	94	82	101	98	136	148	94	92	5.55	233
Dec	99	88	77	93	95	135	148	94	91	5.00	247
1930											
Jan	104	92	81	97	94	134	146	93	90	4.89	252
Feb	107	94	83	95	93	131	144	92	88	4.65	268
Mar	104	92	80	94	92	126	142	91	86	4.18	277
Apr	106	93	82	95	92	127	142	91	86	3.88	288
May	104	91	81	93	91	124	140	89	84	3.69	269
Je	100	88	77	91	89	123	136	87	84	3.54	239
Jl	94	82	72	85	86	111	132	84	83	3.16	232
Aug	91	79	69	82	85	108	132	84	83	3.00	231
Sept	91	79	69	83	84	111	132	84	81	3.00	232
Oct	88	76	67	78	83	106	129	83	79	3.00	196
Nov	84	73	64	74	81	103	126	80	79	2.90	182
Dec.	82	71	62	73	79	97	123	78	77	2.88	170
1931											
Jan						94				2.80	168

1/ Federal Reserve Board, 1923-1925 = 100 (1) adjusted for seasonal.
(2) adjusted for seasonal and trend.
(3) per cent of peak in June 1929.

2/ Federal Reserve Board, 1923-1925 = 100, adjusted for seasonal.

3/ U. S. D. A., August. 1909-July 1914 = 100

4/ Bureau of Labor Statistics.

5/ Weighted average of index for eight foreign countries -United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.

6/ Commercial paper at New York, adjusted for seasonal.

7/ Dow-Jones index.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release March 16, 1931

THE PRICE SITUATION, MARCH 1931

FARM PRICES

The general level of prices at local farm markets continued downward during February reaching lower levels than any in the past twenty years and reflecting to some extent larger supplies but mostly the continued depression in domestic business conditions, the further curtailment in the buying power of consumers, and the reduced demand for feed brought about by the unusually mild weather. On February 15 the index of farm prices at 90 was 4 points lower than on January 15 and 41 points lower than February of last year. The mid-February level was also 2 points below the lowest level ever reached by this index (available since 1910) which was 92 in December 1911. Judging from the course of central market prices after February 15 farm prices declined somewhat further during the last half of February but made slight advances in the first two weeks of March.

Only a few commodities included in the index of prices received by farmers are still above the pre-war level of 1910-1914. On February 15 prices of chickens, potatoes, cattle and calves were still between 115 and 130 per cent of pre-war prices, and lambs, butter and apples were 110 - 112 per cent above. Corn, hay, hogs, sheep and wool were 90-99 per cent of the pre-war level; cotton, oats, flax, 75 per cent, wheat and eggs 66 per cent and barley and rye were below 60 per cent of pre-war prices.

During this recent period of declining prices for farm products a lowering of the level of prices paid by farmers has also taken place. As shown elsewhere in this report prices paid by farmers in December averaged 139 per cent of pre-war averages or a decline of 10 per cent from the previous December and compares with a decline of 31 per cent in the average of prices received for commodities sold. The decline in prices bought for family maintenance, particularly foods, declined more than the commodities used in production. Foods and feed prices showed greater declines during the last quarter of 1930 than did other groups. Farm wages have declined nearly 20 per cent between December 1929 and December 1930, as a result of both the reduced demand for farm labor and the increased supply created by city unemployment. The low prices received by farmers during February and the relatively higher prices paid by them, indicate that the purchasing power of a given quantity of farm products in exchange for other commodities is now about 66 compared with 100 before the war or a third less.

GENERAL COMMODITY PRICE LEVEL

The general level of wholesale prices also reached a still lower level in February followed by a slight recovery during the first week of March. By February 24, the Annalist weekly index declined to 109 per cent of 1913 prices compared with 112 in the first week of February, 116 in the first week of January. For the first week of March a 1 point rise in food prices

tended to check the decline in the general average. Prices of wholesale farm products and of chemicals according to this index are now at pre-war levels, textile products and metals only 3 and 6 per cent respectively above the pre-war level, food products 14 per cent, building materials 23 per cent and fuels 36 per cent above. All of these prices are now considerably below last year's level and only the textile and metal groups have, in the past few weeks, shown signs of stability.

BUSINESS CONDITIONS

The month of February was marked by a few more indications suggesting the termination of the declining phase of this depression, although the general level of business activity in February was approximately as low as in January. The general level of industrial production when allowance is made for the usual seasonal changes which in January remained at the December level, was slightly higher in February because of continued improvement in iron, steel, and automobile production, and expansion in cotton goods production. The value of building contracts awarded, which in January was only slightly greater than in December showed an increase of about 9 per cent more than usual in February or 10 per cent above the lowest level reached at the end of 1930. This increase was confined largely to residential building in the New York area. On the other hand production of coal in February was reduced and freight car loadings were also somewhat lower.

Other factors which give the current business situation an appearance of stability following many months of general recession are (1) a slight improvement in retail store sales accompanying (2) a slight improvement in factory employment and payrolls (3) a marked advance in industrial stock prices during February, (4) a steady bond market in view of large bond flotations and (5) a more favorable situation abroad as indicated by some increase in employment in England and Germany and prospects for peace in India.

In connection with the appearance of these favorable factors in the business situation of the past two months it may be of interest to observe (in the attached Figure) that industrial production by December and January had declined 38 per cent below the previous peak compared with a decline of 36 per cent in the 1920-21 depression. The declining phase of the 1920-21 depression, with which the present one may be compared, terminated after a period of eighteen months and was followed by a revival in business. The declining phase of this depression also continued eighteen months (July 1929 to December 1930) with the level in the nineteenth month showing no further decline, and the twentieth month showing a slight improvement.

The appearances of stability so far, however, have been of but short-duration and are not yet definite evidences that the expected revival is underway.

WHEAT

Cash wheat prices in United States markets continue to be maintained above an export basis, remaining practically unchanged during February and early March. World prices rose somewhat during the first three weeks of February, but weakened again under the pressure of continued heavy offerings from exporting countries, and on March 11 were but little above the lowest levels of the season. Unless there should be a drastic reduction in the United States crop for 1931, liberal exports will be necessary in order to avoid market congestion next summer. The movement of world prices during the next three months will be largely dependent upon new crop prospects. Present prospects, however, do not indicate that world prices will rise sufficiently by next summer to permit liberal exports from the United States at that time, except at prices below current levels in United States markets.

The February 15 farm price of wheat for the United States was 58.7 cents per bushel compared with 59.1 cents a month earlier. There was a similarly small change in prices at the principal markets, the average price of all classes and grades for February being 71.0 cents compared with 71.4 cents during January. In the principal world markets, wheat prices averaged slightly higher in February than in January as a result of a small rise during the first three weeks of February. This strengthening of prices, however, was followed by a decline which wiped out most of the gains.

Wheat prices in the principal markets of the United States continue to be maintained well above an export basis. During February, the average price of No. 2 Hard Winter at Kansas City was practically the same as the average price of parcels of wheat imported into the United Kingdom, while in February of 1929 it was about 19 cents per bushel lower than United Kingdom prices. July futures in United States markets, while much below May, are nevertheless much higher than their usual relation to Liverpool. At Chicago July futures averaged 14 cents below May or 68 cents per bushel. This was 2 cents higher than Liverpool July, while in February, 1929 they averaged 8 cents below Liverpool and in the five Februarys of 1926 to 1930 averaged about 14 cents below.

Total stocks of wheat in the United States as of March 1 probably were in the vicinity of 50 million bushels in excess of a year ago. Farm stocks were estimated to be 30 million larger and Bradstreet's visible supply was 42 million larger. These increases are offset partially by some decreases in stocks in other positions. Stocks in mills and in-transit to mills were estimated to have been about 8 million bushels smaller on January 1 of this year than on January 1 of last year and a further reduction is expected in stocks at the close of March. Assuming an increase of 50 million bushels over total stocks of a year ago, this would indicate an unaccounted for disappearance (which includes feed) from July 1 to March 1 of about 60 million bushels in excess of that during the same period of last year.

As compared with a year ago the total increase in farm stocks of wheat was 30 million bushels and the decrease of corn stocks 277 million bushels. The increases in wheat stocks on farms by States as compared with a year ago suggest that in some States the amounts that are being held on farms are influenced by feeding requirements for the remainder of the season. However, not nearly all the States with decreased corn stocks have increased their wheat stocks and some States have increased farm stocks of both wheat and corn.

Supplies available for export in the principal exporting countries continue large in spite of a liberal over-seas movement. Heavier shipments have resulted both from abundant supplies and a more active demand in importing markets. Shipments from Australia have been maintained at an average level of about 4.5 million bushels weekly during the past two months. Argentine shipments have recently risen to a level almost as high as those of Australia. Total world shipments, after having risen to an average of about 16 million bushels weekly during most of February, declined somewhat during late February and early March, but increased again during the second week of March. Despite the slackening of world shipments during late February and early March, indications are that export offerings will continue to be pressed on the market sufficiently to prevent any marked advance in world prices unless there should be a radical change in prospects for the 1931 crops.

CORN

Cash corn prices declined during February and averaged somewhat lower than in January. The tendency of shortage of grain storage space in central markets to depress prices is indicated by the fact that from the first week of February to the first week of March, May futures at Chicago declined only 1.1 cents per bushel while the average price of No. 3 Yellow declined 4.1 cents. Both market supplies and market demand are much below their usual level. March 1 farm stocks are estimated to be lower than in any year since 1902 - about 50 million bushels smaller than in 1925 and 70 million smaller than in 1917. In the principal Corn Belt States, however, March 1 stocks are a little larger this year than in 1925. Combined supplies of corn, oats and barley are also the smallest of recent years. The short supplies of corn and other feed grains seem likely to strengthen the corn market during the next few months. However, corn prices in the United States will continue to be affected by wheat prices and by the price of corn in countries from which it can be imported. These latter factors are expected to restrict advances in corn prices unless there should be a marked improvement in market demand for corn. Nevertheless, prices are expected to continue erratic due to small market supplies of corn, and marked temporary advances may occur even though such marked rises may not be sustained.

The United States average farm price of corn as of February 15 was 58.6 cents per bushel compared with 61.7 cents the month before and 77.4 cents a year earlier. There was a similar decline in prices at primary markets, No. 3 Yellow at Chicago declining from an average of 65.4 cents in January to 60.7 cents per bushel in February. From an average of 62.4 cents per bushel the first week in February, No. 3 Yellow at Chicago rose slightly the following week to 63.2 cents and then declined for three successive weeks until it averaged 58.3 cents during the week ended March 6. There was not as great a decline in the price of May futures at Chicago. These averaged 65.1 cents for the first week of February, 67.6 cents for the second week, and for the first week of March 64.0 cents per bushel.

Receipts at fourteen primary markets during February, 1931 were very small, amounting to but 21.2 million bushels compared with 30.0 million in February, 1930, and an average of 31.5 million bushels for the five years 1926 to 1930. For the four months of the current season, November to February inclusive, receipts have amounted to only 85.5 million bushels compared with 111.5 million during the corresponding period of last year, and 118.4 million during the first four months of the past five crop years. Market stocks at the close of the week ended March 7 amounted to 21.5 million bushels compared with 26.3 million for the corresponding week of 1930, and an average of 39.6 million for the corresponding weeks of the four years 1927 to 1930 inclusive. Stocks increased slightly during February and early March from a level of 17.4 million bushels, February 7 to 21.5 million, March 7. On March 7 they were approximately 6.2 million bushels lower than a year ago, whereas the month previous they had been only 1.4 million bushels smaller than on the corresponding date of last year. While the level of corn stocks is low the combined stocks of all grains is so large that carrying charges are high and the elevator demand for cash corn for storage is restricted.

The market demand for corn continues weak as indicated both by the disappearance at fourteen primary markets and by reported wet process grindings. During the month of February wet process grindings amounted to 5.6 million bushels compared with 6.6 million for February, 1930, and an average of 7.5 million for the past five Februarys. For the months, November to February inclusive of the current season, wet process grindings have amounted to 16.7 million bushels, compared with 26.7 million during the corresponding months of last season, and a 5-year average of 28.4 million. Disappearance at fourteen markets for the first eighteen weeks of the current season has amounted to 27.4 million bushels compared with 37.6 million during the corresponding period of 1929-30, and a 5-year average of 41.6 million.

Farm stocks of corn as of March 1 were estimated to be 709 million bushels compared with 987 million a year ago, and an average of 1,051 million during the five previous years. This represents the lowest levels of farm stocks as of March 1 since 1902 and compares with a figure of 758 million for March 1, 1925, the next lowest of recent years. In the six States of the Central Corn Belt (Ohio, Indiana, Illinois, Iowa, Missouri and Nebraska) farm stocks amounted to 432 million bushels compared with 576 million last year, and an average of 636 million for the five years 1926 to 1930, and 390 million bushels on March 1 of 1925.

As the Central Corn Belt supplies most of the corn for the principal terminal markets, it is significant that farm stocks in this region are not as short relatively as are stocks of the United States as a whole. The shortage of corn supplies in the regions to the South and East of the Central Corn Belt is especially acute. In a number of these States, March 1 stocks are by far the smallest on record, the records going back to 1883. The States in which stocks are at a record low include Pennsylvania, Maryland, Virginia, West Virginia, Kentucky, Tennessee, Arkansas, Mississippi and Louisiana.

Total disappearance of corn in the United States from November 1 to March 1 is indicated to be 1,429 million bushels compared with 1,684 million during the corresponding period of last year and an average of 1,734 million for the five seasons 1925-26 to 1929-30. Total supplies of corn in the United States (farm stocks plus the visible supply) as of March 1 amounted to 729 million bushels compared with 1,011 million a year before, a 5-year average of 1,134 million bushels and 792 million in 1925. Consequently, the disappearance during the period November 1 to March 1 appears to have been 15 per cent less than last year and 18 per cent less than the 5-year average, while March 1 supplies are 28 per cent below last and 36 per cent below the 5-year average.

The combined total supplies of corn, oats and barley, as of March 1, are also much the smallest of recent years. They amounted this year to 30.5 million tons compared with 36.9 million last year, an average of 41.2 million for the five years 1926 to 1930, and 33.1 million tons in 1925. Altogether, the very small supplies of corn and other feed grains indicate a real shortage of corn for feeding requirements of the next few months, the extent of the shortage depending somewhat on spring weather conditions. In the drought regions where the shortage is most acute, however, the poor financial condition of the farmers will restrict demand. No doubt feeding of wheat will continue, and will tend to relieve the feed grain shortage in some regions, but in many States where corn stocks are scantiest, wheat stocks are also low and increased wheat stocks are not sufficient to offset the reduced corn supplies in the regions that are short of corn.

As the shortage of feed grain supplies becomes more acute, it may be expected to improve the demand for corn from those regions which still have corn to sell. Any rise of corn prices which may result will be restricted by low price of wheat and by prices of corn in foreign countries from which it may be imported. While the cash prices of corn in the principal markets is considerably lower than cash prices of wheat, there are some States where wheat prices are the lower of the two. July and September futures for corn are also higher than wheat futures. Present prospects do not indicate the likelihood that wheat prices will be high enough after May to prevent substitution of wheat for corn to a considerable extent in feeding. The outturn of the Argentine corn crop which is now being harvested will have a significant bearing on corn prices in foreign countries and on the availability of Argentine corn for import into the United States. Present indications are for a large crop. Due to the very small commercial stocks, corn prices in the United States are likely to continue erratic, and to be largely dependent upon changes in market demand.

POTATOES

The general level of potato prices was lower during February than during January, prices at western markets showing more of a decline than in the East. The presence of record supplies in the far western States is likely to continue to exert a depressing influence on prices in the central western markets while the more moderate supplies in the East should tend to sustain the present level of prices at New York.

The average farm price received by producers throughout the country at 86.7 cents per bushel on February 15 was 3.6 cents lower than on January 15 and 52.4 cents lower than on February 15, 1930. Central market prices were also lower; at both New York and Chicago February level was about 12 cents per 100 pounds below the January average. At New York however, prices remained practically unchanged during the entire month, around $2.00 per 100 pounds, while at Chicago they declined from $1.57 per 100 pounds during the first week of February to $1.40 during the last week.

One of the outstanding features of the present price situation is that, as a result of the record crop in Idaho, the usual premiums for Idaho potatoes do not now prevail at Chicago or New York. At Chicago Idaho potatoes on March 9 brought only a premium of 30 cents per 100 pound over other potatoes while at New York they sold for about the same prices as those from Maine.

During February carlot shipments of potatoes amounted to 19,733 cars compared with 19,946 for February a year earlier, with stock on hand at the beginning of this year practically the same as on January 1, 1930, the current rate of marketings is approximately the rate of shipments at this time last year. In the entire period, August through February 141,000 cars have been shipped to market this season compared with 145,000 last season. Maine and Idaho have recently supplied over 50 per cent of the total carlot movement, reflecting the record supplies available in the North and the larger supplies in Maine.

From now on the rate of shipments of old crop potatoes and later new crop developments in the South may become the chief factors in potato price movements. So far this season, the price movements have been roughly comparable to those of the 1921-22 season, when total supply was moderate and demand low as during this season. In that season prices tended downward to November and December averaged higher in January and February and then declined during March, April and May in spite of a revival in business in the spring of 1922. This decline in the spring of 1922 probably reflected in part the favorable crop prospects in 1922 when a large southern crop was produced on an increased acreage. The only definite fact now available on the early southern crop prospects is the reported intentions to expand acreage by at least 6 per cent over last year's acreage.

RICE

Prices of milled rice in the Southern Belt advanced about one-eighth of a cent per pound during February. Rough-rice prices have remained practically unchanged since January. Neither milled nor rough-rice prices are expected to change materially during the next month.

Supplies of rice (rough and milled) in the Southern Belt on March 1 were about the same as a year ago. The percentage of the supply in millers' hands is relatively low. Mill stocks of rough and milled rice were the smallest for any March 1 since 1925. Stocks in farmers' hand, on March 1, however, were accordingly higher than for recent years.

Exports for the United States during February were reported to be over 30,000,000 pounds which is well above the exports for February, 1930 and about equal to those of February, 1929. Shipments to Porto Rico for the crop year to March 1 were about equal to those of the corresponding period last year. The demand from this market, however, was considerably weaker during February than during January. The movement of southern rice into domestic consuming channels continues low. Total movement, however, during February because of heavy exports was about equal to the average of the past five years for that month.

The recent advances in prices of both rough and milled rice at San Francisco have been maintained. Price movements at this market for the remainder of the season are likely to be influenced to a very great extent by the amount of the 1930 crop that is carried over into the next year.

If present price levels continue or advance, it is unlikely that the present exportable surplus can be disposed of during the remainder of the 1930-31 crop year. Trade reports indicate that the California acreage will be increased this year.

Domestic takings of California rice, as well as shipments to Hawaii, for the crop year to March 1 have been somewhat above those for the corresponding periods of recent years. Exports of this variety of rice have been relatively low but are improving. Shipments to Porto Rico, however, totaled 15,336,000 pounds for the period October 1 to February 28, compared with 6,114,000 pounds for the corresponding period last year.

HOGS

A sharp advance in hog prices during the first two weeks in March followed the long continued decline which began last October. A seasonal reduction in slaughter supplies of hogs is in prospect for the next few weeks which is likely to be reflected in a further price advance unless consumer demand continues to decline. Average weights of hogs marketed continue heavier than last year in spite of relatively wide price margins in favor of lighter weight hogs.

Hog prices at Chicago averaged $7.06 during February as compared with $7.65 during January and $10.67 in February, 1930. The week ended March 7 was the first week in 1931 in which a new low weekly average for the season was not registered. Slowly but steadily the average dropped from $9.68 in early October to $6.89 during the last week in February. This latter average was $3.87 lower than the average during the corresponding week in 1930 and was as low as the low point reached in 1924. Heavy weight hogs made up a rather large proportion of the slaughter supplies during February. This depressed the general hog market and resulted in a continuation of the unusually wide spread in prices between heavy and light hogs with the average spread about $1.00 per hundred pounds in favor of the lighter weights. The spread was reduced materially during late February and early March, however.

Cooler weather and decreased supplies resulted in a stronger tone to the hog market with steady to rising prices since early March. With prospects of a continued seasonal decrease in supplies, an upward trend in prices seems likely during the next 30 days. If the fall pigs are marketed in normal proportions during May and June an improved summer market for hogs is in prospect.

Federally inspected slaughter in February amounting to 4,142,000 head, was 23 per cent smaller than in January but it was 2.7 per cent larger than in February 1930. Much of the increase over February 1930 was in the so-called interior packing plants. Slaughter at the nine centers during the first two weeks in March was 8 per cent smaller than during the corresponding period last year. Total hog slaughter under Federal inspection during the first five months of the crop year than began last October was 808,000 head, or about 3.6 per cent smaller than during the corresponding period a year earlier. Total slaughter from March to June, inclusive, probably will be somewhat smaller than during the corresponding period in 1930.

Low prices and weak demand for fresh pork continued through February but cooler weather and decreased supplies in early March resulted in advancing prices on most cuts of fresh pork at New York. The average prices for 10-12 pound loins for the first week in March was $15.45 per hundred pounds compared with $14.30 the last week in February and $23.30 during the first week in March 1930.

The weekly average prices for all cuts of cured pork at New York were lower the first week in March than in the corresponding week a month earlier. The declines ranged from 25 cents on some weights of hams to about $2.00 on dry cured bacon. Declines since February 1930 range mostly from $[illegible].00 to $5.00. Lard prices established a new low for the post-war period with refined lard at Chicago averaging $8.94 in February as compared with $9.62 in January and $12.38 in February 1930.

While there was a seasonal increase in exports of hog products during January, the movement to foreign ports continued relatively light throughout the month. This was especially true for pork, but low lard prices were evidently attractive to foreign buyers, since lard shipments were only 7 per cent smaller than in January 1930. Exports of pork, however, were 44 per cent smaller than those of a year earlier. Total exports of hog products amounting to 87 million pounds were 18 per cent smaller than in January 1930 and 20 per cent smaller than the 3-year January average. Loadings from the

principal ports of the United States indicate that exports of lard, hams and shoulders during February were not greatly different from those in February 1930 but exports of bacon were materially smaller.

In spite of lower prices and an increase of 10 per cent in pork production during January the apparent consumption of pork and lard was about 5 per cent less than in January 1930. Storage accumulations went on at a slower rate during February than during January but in view of the prospective weak foreign demand for hog products, storage stocks are now relatively large. Holdings of pork on March 1, amounting to 853 million pounds, were about 17 per cent above those of February 1, 9 per cent above those of March 1, 1930, and 9 per cent above the 5-year March 1 average. Lard stocks increased 13 million pounds or 20 per cent, during the month, but the total of 75 million pounds on March 1 was still 33 per cent below that on March 1, 1930, and 33 per cent smaller than the 5-year March 1 average. Low lard prices in recent months have caused packers to reduce the percentage of the dressed weight of hogs that is rendered into lard.

The corn-hog ratio continues relatively favorable for pork production and heavy hogs are still coming to market in such proportions that light-weight hogs command a premium. While feed supplies are short in the country as a whole, many farmers in the Corn Belt still have sufficient stocks of corn on hand to finish their fall pigs to average weights as heavy or heavier than those of last year and it now seems likely that they will do so unless corn and wheat prices make a material advance before June.

CATTLE

While supplies of cattle during March and April are expected to continue relatively small, there is likely to be a seasonal increase in the number of better grade beef steers. The usual seasonal price trend of such cattle is downward during these months, but with prices at their present low levels, it is possible that the low point has about been reached and at least some temporary recovery during the next few weeks would not be unexpected. Any material advance in prices, however, is not likely to develop until there is a marked recovery in the consumer demand.

The decline in cattle prices which started about the middle of January continued throughout February. At the end of the month prices of nearly all classes and grades of cattle were at the lowest levels since 1922. For the week ended February 28 the weekly average price of beef steers at Chicago was $8.05. The average price the first week in January 1931 was $9.80 and the last week in February, 1930 it was $12.52. The price decline in February was more marked with beef steers than with butcher cattle or with stockers and feeders. Prices of veal calves also declined sharply and early in March were at the lowest point in nearly twenty years.

Cattle supplies during February were small. Receipts at seven leading markets were 2 per cent smaller than in February, 1930, and 11 per cent below the 5-year average; inspected slaughter was a fraction of a per cent smaller than in February, 1930 and 12 per cent below the 5-year average. Calf slaughter was 7 per cent larger than in February, 1930 and equal to the 5-year average. Receipts of beef steers at Chicago were about 10 per cent larger in February, 1931 than a year earlier, all of the increase being in medium and common steers. Market reports indicate that the proportion of cows in the total cattle supply continued relatively small during February.

The movement of stocker and feeder cattle, which had been active during the early part of January, dropped off sharply during February. Shipments from twelve markets into the principal feeding States were 27 per cent less than in February 1930.

The decline in cattle prices during February followed the downward trend of dressed beef prices. This weakness in beef prices was due in part to the declining prices of competitive foods, especially eggs and pork and in part to the unusually mild weather which tended to reduce consumer demand.

Prices of the lower grades of slaughter cattle will probably advance during the next two months, but the extent of such a rise will depend largely on the volume of the grass cattle movement and on the spring demand for cattle for grazing purposes. Because of exceptionally good pasture conditions this winter in southern Texas, cattle to be marketed from that section this spring will include a larger than-usual-proportion of animals suitable for slaughter and will thus tend to increase the supply of medium grade beef steers.

BUTTER

Butter production continues to exceed that of last year, but lower retail prices are apparently resulting in some increase in trade output, and wholesale prices remain steady. The period of marked seasonal expansion is approaching with both a low level of consumer purchasing power and a weak demand on the part of storage operators, which is likely to result in some seasonal decline in butter prices during the next few months, although prices are now at an unusually low level.

The price of 92 score butter at New York during February was comparatively steady, fluctuating between 27 and 30 cents per pound and averaging 28.4 cents for the month. This compared with 28.5 cents for January and 35.7 cents in February last year. During the first week in March prices of 92 score butter at New York averaged 28.5 cents. Both the farm price of butter and butterfat declined from January 15 to February 15. The farm price of butter on February 15 was 28.1 cents compared with 31.0 cents a month earlier and butterfat prices were 25.0 cents compared with 26.2 cents on January 15. The price of butter at Copenhagen during February averaged 29.2 cents and New Zealand butter at London averaged 26.5 cents per pound.

The estimated production of creamery butter during January of 112.8 million pounds was an increase of 6.7 per cent over the production for the same month of 1930 and was the largest ever reported for January. However, the increase in production from December to January was not as great as usual in spite of the favorable weather and low feed prices. Reports from trade associations and cooperatives indicate that production during February was somewhat above last year and made about the usual seasonal increase for that month. The daily average of butter production usually reaches the low for the year during November or December, then gradually increases to March and makes a marked increase from April to June. From June to November the trend is downward.

The trade output of butter in January of 163.7 million was 0.9 per cent greater than in January 1930. Some further improvement was indicated in trade output during February as compared with a year ago as the apparent trade output from the four principal markets was about 8.5 per cent greater than in February last year. The increased disappearance of butter into

consumptive channels has no doubt been largely due to declining retail prices. Retail prices in the principal cities (as reported by the Bureau of Labor Statistics) declined from 42.5 cents in December to 37.7 cents in January, and were below pre-war prices for the first time in many years. Although grain prices in February were still favorable to production of dairy products they were not as favorable as in the previous three months. The ratio of the farm price of dairy products to the farm price of grains on February 15 was 135 compared with 139 in January, 146 in December, 154 in November and 110 in February last year. Weather conditions during these months have also been favorable to heavy production.

Cold storage holdings on March 1 of 30.6 million pounds was 34 per cent less than a year ago, but was 70 per cent more than the 5-year average. Cold storage holdings reach their low point in May and during March and April are not an important factor in the price situation.

Should spring pasture conditions be average, the usual marked increase in butter production from April to June may be expected. Since storage operators have experienced two unprofitable seasons for storing butter it is probable that demand for butter for storage during this period will be weak and with no marked improvement in consumer purchasing power in prospect, it is likely that butter prices during the next few months will make some seasonal decline although prices are now unusually low. The usual seasonal decline in the farm price of butterfat from February to June is about 4 cents.

CHEESE

The cheese market situation remains practically the same as for the past few months. Production continues low, but the movement of cheese into consumptive channels is small in spite of low prices. Lower retail prices may result in some increase in the consumption of cheese but no material improvement in the demand for cheese is likely until business conditions show sufficient improvement to increase the purchasing power of consumers.

The price of twins on the Wisconsin cheese exchange averaged 13.4 cents during February. This was a decline of .6 cents from the average for January, but was about in line with the usual seasonal trend of prices. In February 1930 the average price of twins was 18.05 cents and the average February price for the five years 1925-1929 was 22.04 cents. Although cheese prices are unusually low, they are still higher than the low point reached during the 1920-21 price decline and are about equal to butter prices on a milk equivalent basis. The average retail price of cheese in the principal cities in January (as reported by the United States Bureau of Labor Statistics) was still 45 per cent above the pre-war level but was 14 per cent below January last year.

Cheese production in January of 27.5 million pounds was 3 million pounds less than in January last year, and after making seasonal adjustment was 0.6 million pounds less than in December, 1930. Receipts of cheese at Wisconsin warehouses during February of 13.4 million pounds were 8.9 per cent less than last year and 12.4 below the 5-year average. This would indicate that cheese production is continuing at the lower level and is largely responsible for cheese prices not making as great a decline as butter prices.

Stocks of cheese in Wisconsin primary markets did not decline as much during February as in the same month of the past two years. This together with the smaller production indicates present low consumptive demand for cheese. Stocks of American cheese on February 28 of 27.3 million pounds were 2.0 million less than on January 31 but 1.5 million pounds larger than on February 28 last year. In 1929 and 1930 the decrease in stocks during February was 4.6 million and 3.5 million pounds respectively. Cold storage holdings of 47.9 million pounds on March 1 were about 5 million pounds above average for that date.

EGGS

Egg prices declined from January to February, the normal course at this time of the year when receipts are increasing seasonally. Present price levels, however, are very low and, with indications of relatively lighter receipts than a year ago, should rise somewhat. Consumption is much better than a year ago.

The price of fresh extras at New York during February averaged 19.4 cents as compared to 38.3 cents a year ago and 25.8 cents for January, fresh firsts were 17.7 cents as compared to 36.5 cents in February last year and Pacific Coast White Extras averaged 29.2 cents as compared to 41.3 cents a year ago. The farm price of eggs was 14.1 cents on February 15 as compared to 31.8 cents a year ago. This was the lowest farm price since the record was begun in 1909 and was only 59 per cent of the 1910-1914 February average while the farm price of chickens is 136 per cent of that average. These price relationships have tended to cause farmers to reduce their flocks rather drastically.

Receipts of eggs at the four markets during February were about 1,199,000 cases as compared to 1,043,000 cases a year ago, and a 5-year average of 1,042,000 cases, but receipts during early March have been running below a year ago. Favorable weather this winter has stimulated production. Present low prices and less favorable weather however, may tend to check production.

Cold storage stocks of shell eggs on March 1 were about 407 thousand cases as compared to 84 thousand cases a year ago and a 5-year average of 66 thousand cases. This is very largely current accumulations rather than carry-over from the 1930 season. In view of a favorable rate of consumption, and the weaker storage demand when compared with last year, storage stocks are not likely to continue above last year now that receipts are beginning to run below a year ago.

POULTRY

The farm price of chickens declined in February largely because of heavy marketings due to the extremely low egg prices. This heavy January and February movement to market is likely to result in lighter market receipts later this spring before the 1931 crop of chickens will be ready for marketing and bring about an upward reaction in prices, especially since present storage stocks are considerably less than average.

The farm price of chickens declined steadily from 21.1 cents last April, when the spring peak price was reached, to 15.3 cents in December. This was followed by a slight rise to 15.7 cents in January, but in February prices declined again to 15.1 cents. The decline from January to February is exceptional and is contrary to the usual seasonal movement of prices. The rise from January 15 to February 15 has averaged 0.6 cents over the past five years. Heavy receipts were largely responsible for this decline.

Receipts at the four markets during February were 24.7 million pounds as compared to 23.8 million pounds a year ago and a 5-year average of 20.0 million pounds. This heavy movement is a result of the very low prices received for eggs in February, influencing farmers to reduce their flocks.

Cold storage holdings of frozen poultry on March 1 were about 95 million pounds as compared to 133 million pounds a year ago, and a 5-year average of 110 million pounds.

LAMBS

The average of slaughter-lamb prices in February was but slightly lower than in January and price fluctuations during the month were relatively small. The price of good and choice lambs 90 pounds down averaged $8.59 in February, compared with $8.71 in January and $11.41 in February 1930.

While there were but few days between the middle of January and the end of February when the top price on lambs at Chicago was below $9.00, whenever the top price went much above $9.00 killer demand dropped off rather quickly, probably due to the tendency during recent months for receipts to increase when prices advance above the $9.00 level.

Supplies of lambs during February continued relatively large. Although receipts at seven leading markets were 4 per cent smaller than in February, 1930, inspected slaughter was about 3 per cent larger and the largest for February on record. Compared with the same month of the previous year, however, February showed the smallest increase of any month since early in 1930. While lamb prices since early in 1930 have been much below the same months of the previous year, supplies have also been much larger, and the decrease in lamb prices has been due both to a reduction in demand and to larger supplies. Lamb prices in February averaged about $2.80 or 25 per cent lower than in February, 1930, with slaughter 3 per cent larger; beef steer prices averaged about $4.00 or 32 per cent lower with slaughter about the same and hog prices averaged about $3.60 or 34 per cent lower with slaughter about 3 per cent larger

Supplies of fed lambs during March and April probably will be smaller than in those months in 1930. The estimated number of lambs still in feed lots in Colorado and the Scotts Bluff area on March 1 this year was 1,290,000 head, compared to 1,665,000 head March 1, 1930, and 1,200,000 head on March 1, 1929. Supplies of early lambs from California and of grass fat yearlings and wethers from Texas during April will probably be considerably larger than last year. Conditions about March 1, indicated that supplies of early lambs in May and June would be at least as large as last year and a continued heavy supply of yearlings and wethers from Texas during those months seems probable.

WOOL

A marked improvement in trade sentiment, some improvement in textile activity and a rather high rate of exports from the Southern Hemisphere have resulted in a sharp advance in foreign prices of raw wool since the low point reached in January. The rise abroad has been the primary factor in checking the decline in domestic wool prices. Some improvement has also occurred in the domestic wool textile situation. In both the foreign and domestic industires, however, maintained improvement is more likely to come gradually than suddenly.

The declines which occurred in wool prices in foreign markets in January continued to be reflected in declines in domestic prices through the first three weeks of February. With the recovery in foreign prices, however, the trading in raw wool at Boston increased and prices became stable on practically all grades. Prices of fine wools have shown no declines since the end of January, but on some of the coarser wools the February declines amounted to as much as 6 cents per pound scoured basis. The price of 56s (3/8 blood) strictly combing fleece wool was 25 cents per pound on March 7 compared with $25\frac{1}{2}$ cents on February 7. The farm price of wool fell to 16.4 cents per pound on February 15 compared with 25.9 cents a year earlier and 18.5 cents for the February average of 1910-1914.

The second series of the London wool sales opened on March 10 with an advance of 10 to 15 per cent over prices on February 6 at the close of the previous series. In this improvement the London prices reflect the strength which has been evident in the primary markets since early February. This is in contrast to the situation in several previous series when the London sales opened at renewed declines or more than discounted the declines which have previously occurred in primary markets. This difference appears to be accounted for in part by the improvement in the wool textile trade of Great Britain and the Continent and by the greater activity of Japanese buyers at recent Australian sales. As was to be expected with a recovery in raw wool prices, some improvement has taken place in the sales of wool textiles. However, only a moderate increase occurred in the combined amount of wool, tops, and yarn passing through conditioning houses in Bradford, whereas in three French cities the combined amounts totaled less in January than in December. Both at Bradford and in France the January conditioning house returns were lower this year than last. The continued high rate of exports of wool from Southern Hemisphere countries has reduced stocks there to levels considerably lower than a year ago when exports were retarded. Furthermore, the Australian exchange rate has shown no significant further declines since the end of January and this has relieved the wool market from the sales pressure which occurred during January when strenuous efforts were being made to obtain foreign exchange.

Consumption of combing and clothing wool in the United States by mills reporting to the census increased slightly both in December and in January but the total for January was only 22,857,000 pounds compared with 27,491,000 in January 1930 and 33,654,000 in January, 1929. The reported consumption of carpet wool amounted to 84,862,000 pounds for 1930 compared with 156,102,000 pounds in 1929 and consumption in January, 1931 amounted to 6,744,000 pounds compared with 11,199,000 in January, 1930. Imports are making a slight seasonal increase, but the total imports of combing and clothing wool for January, 1931 amounted to only 4,359,000 pounds compared with 10,712,000 in January, 1930 and 21,397,000 in January, 1929. The low rate of imports reflects the increase in domestic production and the continued low rate of consumption. Although some improvement appears to have taken place in the domestic wool textile trade there has been a tendency to delay the offerings of new lines of goods in the hopes that buyers interest will increase.

COTTON

Cotton prices rose to a level, by the first week of March, about 2 cents per pound above the low point of December 15, but on March 13 prices were more than one-half cent below the peak of March 4. Sales of cotton cloth rose to the highest weekly level in February that they had reached since September, 1929. Exports were higher than February last year, but domestic cotton consumption although at a higher rate than in January, was still below last year.

Cotton prices rose from 8.58 cents per pound on December 15 for middling seven-eighth inch cotton at the ten spot markets to 10.51 cents on February 24 and then to 10.56 cents on March 4. On March 13 the price was 9.97 cents. The farm price on February 15 was 9.1 cents or one-half cent higher than on January 15, and compared with 14.8 cents in February 1930, and 12.4 cents for the 1910-1914 average. While prices were declining in late November and December, the declines were greater in this country than for foreign cottons in Great Britain, and similarly the recovery has been greater in this country. In comparing prices in the last three weeks with prices prior to the severe December declines, seven foreign growths at Liverpool had gained on the average 35 American points in comparison with American middling at the ten spot markets. The greatest gain relative to American middling was in Egyptian Uppers.

The apparent supply of American cotton remaining in the United States amounted to about 10.9 million bales on March 1 compared with 8.0 last year. Exports for February were higher than last year for the first month since September. Domestic consumption was lower in February than in February last year, but the daily rate was higher than in January.

Trade cotton textiles abroad has been stimulated by the January and February rise in cotton prices, but the improvement appears not to have been as great as in the United States and reports indicate that business has relaxed as prices have declined. The promise of elimination of the Indian Boycott on British goods is the outstanding recent development in the foreign textile situation. Although some doubt has been cast on the elimination of the boycott by Indian leaders distributors of goods, in India apparently wish to resume relationships with Great Britain.

In the United States, sales of cotton cloth rose in February to the highest weekly average since September 1929 and amounted to 154 per cent of production, according to reports of the Cotton Textile Merchants. These sales appear to be primarily of goods for household rather than industrial uses. Production of cotton cloth improved some, but is still well below last year. Unfilled orders increased to the highest level since December 1929 and stocks of goods were reduced 10 per cent, to the lowest level since November 1927. There was some slowness in marking up prices of goods as raw cotton rose, but the high rate of sales in comparison with production in the past two months has given more confidence to the cotton textile industry.

Business Statistics Relating to Domestic Demand

Year and mo.	Industrial Production 1/ (1) 1923-1925 =100	Industrial Production 1/ (2) Trend = 100	Industrial Production 1/ (3) June 1929 =100	Factory payrolls 2/	Factory employment 2/	Commodity Prices: At farms 3/	Commodity Prices: U.S. Wholesale: 1910-1914 =100	Commodity Prices: U.S. Wholesale 4/: 1926 =100	Commodity Prices: Foreign 5/	Interest rates 6/	Industrial stock prices 7/
1929											
Je	127	114	100	110	102	135	151	96	93	6.00	315
Jl	124	111	97	109	102	140	154	98	94	6.00	344
Aug.	123	110	96	110	102	143	153	98	93	6.03	361
Sept	122	109	95	110	101	141	153	98	94	6.12	365
Oct	117	104	91	106	100	140	151	96	93	6.09	321
Nov	106	94	82	101	98	136	148	94	92	5.55	233
Dec	99	88	77	98	95	135	148	94	91	5.00	247
1930											
Jan	104	92	81	97	94	134	146	93	90	4.89	252
Feb	107	94	83	95	93	131	144	92	88	4.65	268
Mar	104	92	80	94	92	126	142	91	86	4.18	277
Apr	106	93	82	95	92	127	142	91	86	3.88	288
May	104	91	81	93	91	124	140	89	84	3.69	269
Je	100	88	77	91	89	123	136	87	84	3.54	239
Jl	94	82	72	85	86	111	132	84	83	3.16	232
Aug	91	79	69	82	85	108	132	84	83	3.00	231
Sept	91	79	69	83	84	111	132	84	81	3.00	232
Oct	88	76	67	78	83	106	129	83	79	3.00	196
Nov	84	73	64	74	81	103	126	80	79	2.90	182
Dec	82	71	62	73	79	97	123	78	77	2.88	170
1931											
Jan	82	71	62	70	78	94	121	77	76	2.80	168
Feb						90					181

1/ Federal Reserve Board, 1923-1925 = 100, (1) adjusted for seasonal.
(2) adjusted for seasonal and trend.
(3) per cent of peak in June 1929.

2/ Federal Reserve Board, 1923-1925 = 100, adjusted for seasonal.

3/ U. S. D. A. Aug. 1909- July 1914 = 100

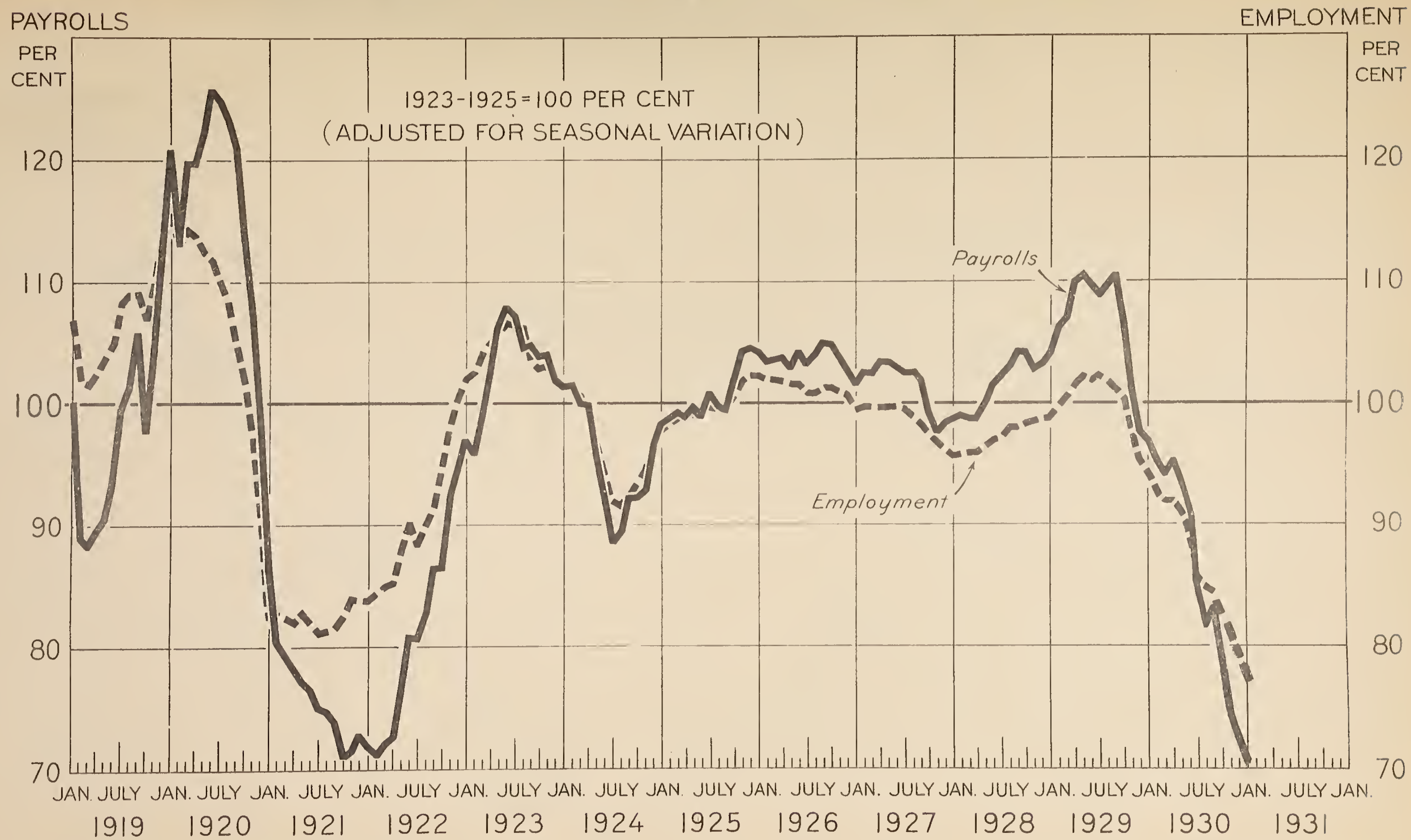
4/ Bureau of Labor Statistics, 1926 = 100

5/ Weighted average of index for eight foreign countries--United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands, 1926 = 100.

6/ Commercial paper at New York, adjusted for seasonal.

7/ Dow-Jones index.

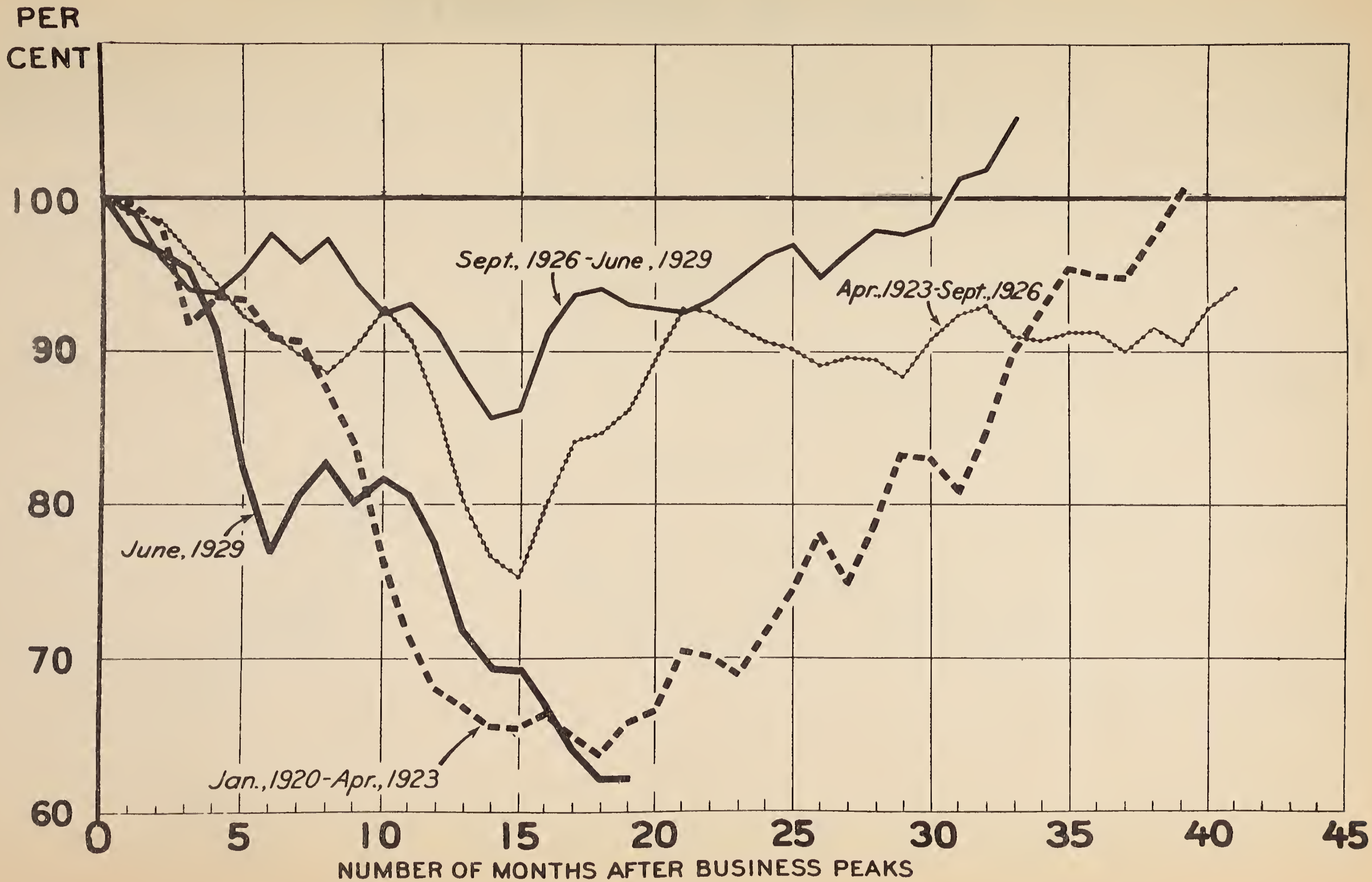
INDEXES OF FACTORY EMPLOYMENT AND PAYROLLS



U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

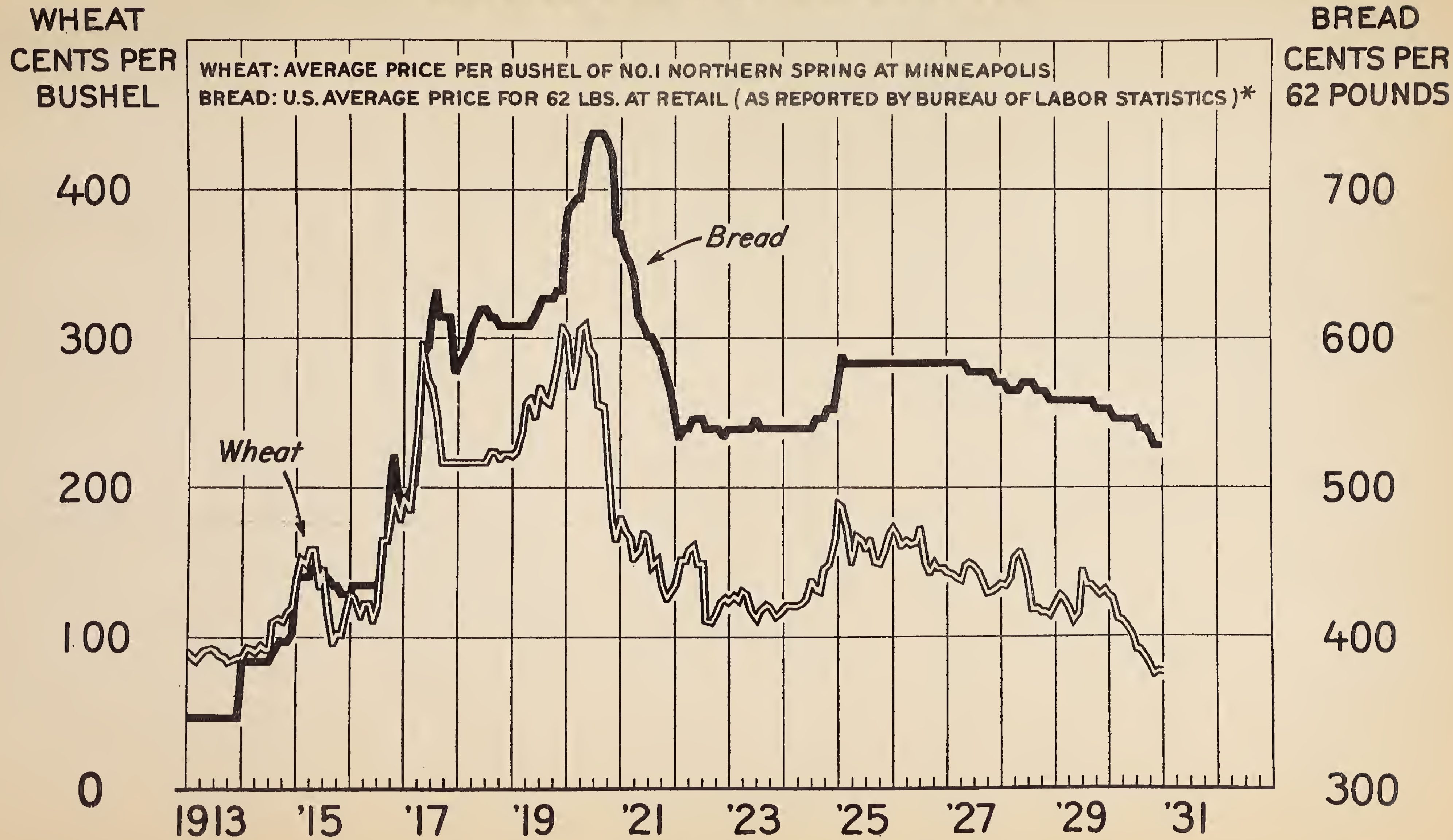
Trends in Industrial Activity in the United States Following the Peaks of 1920, 1923, 1926, and 1929



U.S. DEPARTMENT OF AGRICULTURE

NEG. 21647 BUREAU OF AGRICULTURAL ECONOMICS

Comparative Prices of Wheat and Bread, 1913 to Date



*THE FLOUR FROM ONE BUSHEL OF WHEAT IS SUFFICIENT FOR ABOUT 62 POUNDS OF BREAD UNDER ORDINARY MILLING AND BAKING CONDITIONS IN THE U.S.

U.S. DEPARTMENT OF AGRICULTURE

NEG. 22137 BUREAU OF AGRICULTURAL ECO

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release April 15, 1931

THE PRICE SITUATION, APRIL 1931

FARM PRICES

The general downward trend in agricultural prices was temporarily checked in the latter part of February and early March, but further weakness developed after March 15. The declines, however, were moderate compared with the more pronounced recessions of the months preceding February. On March 15 the index of prices received by farmers averaged 91, 1 point higher than on February 15, when the index reached the lowest level in this depression as well as in the entire 20-year period for which the index is available. The index for March was 35 points or 27 per cent lower than on March 15, 1930. Cotton and poultry products were the chief items contributing to the slight rise in the index.

Prices paid for goods used for family maintenance had been declining gradually since 1925, and fell sharply during the last half of 1930. It is likely that this decline will continue during 1931. Prices of goods used in production, have shown a smaller decline, than either goods for family maintenance or goods sold by farmers. (See fig.1) However, wages of farm labor, not included in the production goods index, have declined materially, the April 1 index of farm wages for the country as a whole being 22 per cent lower than on April 1, 1930. The level of farm wages declined 2 points between January and April this year, which is contrary to the usual seasonal trend.

The combined index of prices paid by farmers is now approximately 136 per cent of pre-war prices, while prices received by farmers average only 91 per cent. This disparity is greater even than the one which was created by the price declines of 1920 and 1921. At current price levels, the exchange value of an average unit of farm products sold is still only about two-thirds of what it was before the war.

GENERAL COMMODITY PRICE LEVEL

The general level of wholesale commodity prices continued its downward course during March and the first part of April. Some of the evidences of stability in the different commodity groups which were noted during the first few weeks of this year have given way to further declines in the last half of March and first part of April.

The general average of commodity prices on April 7 was 107.7 per cent of 1913 prices, according to the Annalist weekly index. This represents a decline of about 2 points from the level of March 3, 5 points from the level of February 3 and 8 points from that of January 6. During the first two months of the year there were evidences of stability in prices of metals and chemicals, while farm, food, textile and fuel prices were still declining. The 2 per cent decline from the first week of March to the first week of April was due mostly to lower prices of fuels, metals and textile products. Farm products were 1 per cent lower, while foods, building materials, and chemicals remained practically unchanged.

BUSINESS CONDITIONS

The improvement in the business situation that developed during February continued during March but some hesitancy was noted the first part of April. As in the preceding month, March showed a higher level of industrial production (after allowance for usual seasonal changes) as a result of continued expansion in iron and steel, automobile and textile production. Building activity again showed improvement. Retail trade in March remained about the same as in February but a considerable improvement again occurred in the New York area, where a more than seasonal improvement in employment is indicated for March.

Interest rates on commercial paper were somewhat lower during March than during February reflecting the low level of demand for funds. Stock prices declined during the last part of March and also during the first two weeks of April, eliminating about two-thirds of the advance of January and February. Bond prices during the first part of April also lost a part of their recent advance.

Although February and March showed an improvement in the general business situation comparable with earlier recoveries from the lowest levels of major depressions (See fig. 2) some hesitancy in business was reported during the first part of April. This, together with continued weakness in basic commodity prices indicates that the revival from the recent low levels is likely to be irregular and that farmers should not anticipate any marked advance in the domestic demand for farm products in the immediate future.

WHEAT

Farm prices for wheat as of the middle of March averaged slightly lower than in February but for the month of March market prices for cash wheat were slightly higher than in February. In United States markets, cash prices continue to be stabilized at levels not only well above prices in other exporting countries, but also higher than in the importing countries which have no tariff or other restrictions. Though world prices changed but little during March, there was a small decline so that prices at the end of March were at about the lowest levels of the season. Present

indications point to prices in the United States being on an export basis next summer and fall. July and September futures at Chicago have been running more than 20 cents per bushel lower than May futures, and new crop futures in other United States markets are similarly low as compared with cash prices and May futures.

The February 15 average farm price for the United States was 58.3 cents per bushel compared with 58.7 cents the month earlier. The average price of all classes and grades at the 6 terminal markets for the month of March was slightly higher than during February, being 71.4 cents per bushel during March compared with 70.9 cents the previous month. In general, the hard bread wheats were somewhat higher in price whereas durum and soft winter wheats declined. Thus, No. 2 Hard Winter at Kansas City averaged 70.2 cents compared with 69.3 cents the previous month, and No. 1 Dark Northern Spring at Minneapolis averaged 76.2 cents compared with 75.3 during February, while No. 2 Amber Durum averaged 71.7 cents and No. 2 Red Winter at St. Louis 78.5 cents against 73.4 and 78.9 cents respectively during the previous month.

In the United States, a marked reduction in spring wheat acreage is in prospect, but the condition of winter wheat as of April 1 was unusually favorable, a production of winter wheat of 644,000,000 bushels or 40,000,000 bushels more than in 1930 being indicated. Such a production, together with the production to be expected with average yields on a spring wheat acreage equal to that indicated by intentions to plant, would result in a total crop of over 850,000,000 bushels. This would provide the United States with a large exportable surplus from the 1931 crop, in addition to the stocks of old wheat still on hand at the end of the 1930-31 crop year.

Primary receipts of wheat during March were unusually large, amounting to 30.6 million bushels compared with 16.4 million last year and an average of 19,000,000 during March of the five years 1927 to 1930 inclusive. These heavier receipts indicate that farmers are reducing their stocks of old wheat and present indications are that farm stocks on April 1 were little, if any, above the 5-year average.

In the principal foreign markets prices showed very little change though there was some weakening during March, especially during the latter part of the month. At Liverpool, May futures closed on the first market day of the month at 63½ cents per bushel, and on the last day of the month at 60-5/8 cents. July futures at Liverpool, which closed on March 2, at 65-1/4 cents closed at 62 cents on the 31st. In general, the movement of prices at Winnipeg and Buenos Aires was quite similar to that at Liverpool. Thus far, during April there has been a slight strengthening of prices in foreign markets, May futures at Liverpool having closed at 62-1/8 cents per bushel on the tenth compared with 61-1/4 cents on the first.

World shipments have recently been averaging about 15,000,000 bushels weekly, and present indications point to a maintenance of about this same average level of shipments during the remainder of the season if European countries continue to follow a hand-to-mouth buying policy.

Such a level of shipments is considerably higher than that maintained during the spring months of 1930 and nearly as large as in 1929. Supplies available in exporting countries are also much larger than a year ago, and probably about the same size as in 1929. Consequently, despite the prospect of a well maintained demand from importing countries, it seems likely that the abundance of supplies will be sufficient to prevent any marked improvement in the world market in the next few months unless unfavorable crop prospects should develop. In Europe crop conditions generally though somewhat uneven, are fairly favorable except in France where they are poor.

CORN

Cash corn prices were a little lower in March than in February. Market supplies continue to be small, but demand is also at a low level. Foreign markets have declined slightly, influenced partly by good prospects for the Argentine crop which, though no official estimate is yet available, trade estimates have indicated to be very large. With short supplies in the United States and very low prices in foreign countries, foreign corn market conditions may have a greater influence on the United States market than usual and will tend to limit or prevent any material advance in corn prices.

The United States average farm price, as of the middle of March was 57.5 cents per bushel compared with 58.6 cents the month before. Prices of cash corn in the principal markets were also slightly lower in March, No.3 Yellow at Chicago averaging 59.8 cents compared with 60.7 cents per bushel during February. On March 15 the farm price of corn in the eastern, south central and western States averaged about as high or slightly higher than those of wheat, whereas in the Corn Belt the price of corn was considerably lower than that of wheat.

Receipts at 14 primary markets during March continued small and amounted to 18.8 million bushels compared with 20.6 millions last year and an average for the five years, 1926 to 1930 of 24.3 million bushels. For the first five months of the current season receipts have totaled 104,000,000 bushels compared with 132,000,000 last year and the 5-year average of 143,000,000. Total commercial stocks increased very slightly during the month. From a level of 20.1 million on February 28, there was an increase in the two following weeks to 22.7 million on March 14. There was then a slight decline to 21.1 million April 11. Commercial utilization of corn, as well as supplies also continues to be at a very low level. Wet process grindings during the month of March amounted to only 5.4 million bushels compared with 6.1 million during March of last year, and an average of 7.6 million during the corresponding month of the past five years. Total disappearance of corn at the 14 primary markets for the first 22 weeks of the crop year has amounted to 31.4 million bushels this year compared with 44.2 million during the corresponding period of last year and a 5-year average of 49.0 million.

With both farm stocks and commercial stocks of corn at very low levels, it is to be expected that central market prices during the next few months will be largely influenced by developments as to commercial demand, and supply of corn which may be imported from Argentina or other countries. Local shortages of supplies may occur during the next few months, which would probably result in marked price advances in such areas even though there should be no material effect in central market prices. Recent quotations for Argentine corn at Atlantic ports have been as low as 46½ cents per bushel - duty of 25 cents per bushel unpaid. May futures quotations at Buenos Aires have been around 31 to 32 cents per bushel recently, indicating the prospect of the prices of Argentine corn at Atlantic ports being somewhat lower as the new crop becomes available. However, prices in Argentina are so low as to provide little returns to growers, and no material further decline seems probable. With a very low level of wheat prices in prospect during the coming months, there is little incentive for a marked advance in corn prices. However, the small corn supplies and the limited extent to which Argentine corn is likely to be substituted for the American grown product indicates the possibility of some improvement in corn prices in the inland markets of the United States if there should be any significant improvement in demand.

POTATOES

Recent advances in potato prices will probably result in an average price for the month of April higher than the average for March, but it is not likely that prices in May will average as high as in April unless an unusual falling off in shipments of old crop potatoes takes place. In the three seasons when old crop supplies were comparable to the light supplies this year, prices averaged lower during May than during April in 1922 and in 1930, while in 1927 a marked rise developed during the latter part of April and the first part of May because of a very sharp curtailment in shipments. The recent price advances will probably tend to sustain shipments to market.

The average price received by producers for potatoes on March 15, at 85 cents per bushel was 2 cents lower than the price received on February 15, and 52 cents lower than that of a year ago. The somewhat lower price level during March was accompanied by a volume of car-lot shipments about 10 per cent greater than that of March 1930. Price declines of approximately 8 per cent in the far western States, 6 per cent in the East North Central, 3 per cent in the West North Central and 2 per cent in the North Atlantic Seaboard more than offset price advances in the southern States. The relatively greater declines in the West, apparently reflect the relatively larger supplies there.

At New York the average price for March remained at about $2.00 per 100 pounds, as in February, but some improvement developed toward the end of the month in sympathy with considerable advances in the western markets. At Chicago, the average for March was about $1.60 per 100 pounds or about 10 cents higher than the February average, but the advance from the first to the last part of the month was approximately 50 cents per 100 pounds. Most of these advances in March were sustained during the first part of April.

The course of prices on new crop potatoes from the early producing States will be largely determined by the usual seasonal changes. Between April and June the movement is downward, except when very light shipments of old potatoes tend to produce temporary higher prices in May (see prices for 1927 in Fig. 3). In seasons of large supplies prices have fallen to below $2.00 in July and August as in 1922, 1924 and 1928. Prices at New York during the first part of April have averaged about $5.00 per 100 pounds, and crop prospects point to large supplies in both the early and late producing States. Acreage increases are reported for every section of the country and crop conditions as of April 1 were reported as better than on April 1 last year and about average. The intended acreage increase in the South of about 18 per cent and for the late producing States of about 10 per cent with average weather conditions are likely to result in a supply situation as burdensome as in 1928. With food prices in general at a much lower level at present than in 1928 because of the current business depression, the downward course of new crop potato prices may be as marked as in 1928 and may reach a level in June and July at least as low as in that year.

RICE

Prices of milled rice in the Southern Belt remained practically unchanged during the month ending April 15. Rough rice prices developed a little strength during the month. These prices are not expected to change materially during the next month.

The monthly average wholesale price of fancy Blue Rose rice, New Orleans, declined from $4.14 per hundred pounds in September to a low of $3.38 in December and January and has since advanced to about $3.50 (April 7). In April 1930, the average price was $4.38. This is a decline of 21 per cent.

Supplies of both rough and milled rice in the Southern Belt on April 1 were about the same as a year ago. Mill stocks were relatively light with farmers holdings heavier than usual. Receipts of rough at mills during March were much lighter than for February but were considerably above receipts for March 1930.

The movement of southern milled rice into consuming channels continues strong. Exports for the United States during March were reported to have been about 22,000,000 pounds or 5,000,000 pounds above the exports for March 1930. Shipments to Porto Rico have shown a tendency to decline during the past few weeks, whereas the takings of the continental domestic trade have been about normal.

California rice prices have been steady to strong during the past month. Fancy California-Japan was quoted at San Francisco at $3.70 per hundred pounds on April 9. Not much change in prices is anticipated during the next few weeks. The movement of California milled rice into Porto Rico and Hawaii continues above last year but has been declining during the past few weeks. Exports of this rice during March were very low and are likely to continue low until Tokyo prices improve considerably. Prices of middle quality brown rice at Tokyo advanced about 20 cents per 100 pounds during March. Quotations as of April 8 on brown rice at San Francisco were 3.20 cents per pound as compared with the Tokyo price of 2.82 cents per pound for a comparable grade.

HOGS

Hog prices have fluctuated in a narrow range in recent weeks following a brief advance early in March. A seasonal increase in hog marketings during the remainder of the spring together with little prospect of material early improvement in either domestic or foreign demand for hog products are factors which will tend to prevent further price improvement during the next two months.

Following the establishment of the winter low in late February, when the weekly average at Chicago reached $6.89, hog prices advanced from 75 cents to $1 during the first two weeks of March. They then receded slightly and from mid-March to mid-April the weekly average at Chicago ranged between $7.44 and $7.64. The average for the month of March was $7.46, while that for February was $7.06, and that for March last year was $10.17. Average weights at most markets have been maintained well above those of a year earlier and the 5-year average, and for this reason the spread between prices of light and heavy hogs has continued unusually wide.

Federally inspected slaughter of hogs during March, amounting to 3,523,000 head, was 3.8 per cent larger than in March 1930, but represented a seasonal reduction of 15 per cent from the 4,142,000 hogs slaughtered in February. The reduction between these two months last year was 16 per cent and the 10-year average is 8 per cent. Slaughter at the nine centers during the two weeks ended April 10, was 4.1 per cent larger than during the corresponding period of 1930.

The increase in slaughter during the first three months of this year over that of the first quarter of 1930, amounting to 609,000 head, offsets about one-half of the decrease of 1,276,000 head in slaughter supplies in the last three months of 1930, thus making total slaughter in the first half of the current hog marketing year which began with last October only 2.6 per cent smaller than that of the corresponding period in the previous year.

Domestic demand for hog products has shown no improvement from the low level that prevailed throughout the winter. Prices of pork loins advanced sharply during the first three weeks in March but this was due largely to a temporary scarcity caused by weather conditions, and about 40 per cent of this price advance has since been lost. Prices of cured pork were reduced during the first week of March and remained practically unchanged until the first week in April when they were reduced again. Current prices for cured products are from 20 to 25 per cent lower than those of a year ago, with bacon prices showing the smallest relative decline. Lard prices have strengthened considerably, advancing at Chicago, from a winter low of $8.75 in late February to $10.25 the third week in March.

Export demand for pork also continues to be unusually weak, as indicated by the small volume of exports being taken at the prevailing low level of pork prices. February exports of pork were less than half as large as those of February last year. Exports of ham and bacon showed the largest relative decreases. Lard exports were maintained at the high level established in January and were 4.2 per cent larger than those of February, 1930. This is the first month since February, 1930 that has shown an increase over the

corresponding month of a year earlier. Exports in March however showed considerable declines from the preceding month.

Because of the increased slaughter and the continued weakness in both domestic and foreign demand for pork products storage supplies continue to be unusually large. Stocks of pork on April 1, amounting to 843.5 million pounds, were about 1.2 per cent less than those of March 1, but 12 per cent above those of April 1, 1930 and 4.5 per cent above the 5-year April 1 average. Lard stock increased 3.5 million pounds or 4.7 per cent during March but the total of 78.5 million pounds on April 1 was 25.3 per cent smaller than that on April 1 last year and 38 per cent smaller than the 5-year April 1 average.

The relationship between corn prices and hog prices has become more favorable for hog feeding and present conditions indicate no material unfavorable changes in this respect during the remainder of the spring season. Average weights therefore are expected to continue heavier than usual and available supplies of hogs on farms will probably be marketed at a normal rate with the usual seasonal increase developing during the next sixty days. April slaughter is not likely to be greatly different from that of April last year but slaughter during May and June may be somewhat smaller than in those months of 1930.

CATTLE

With cattle supplies during the next three months relatively small and present prices at such a low level, it hardly seems probable that prices of any grades of cattle will decline much further, although the usual seasonal movement of prices on better grade steers is downward during April and May. On the other hand it is probable that the seasonal advance on low grade cattle during April and May will be smaller than usual. Although the course of prices during the second half of 1931 will be influ nced to considerable extent by the trend in general business it is not unlikely that a rather substantial advance on fed cattle will occur.

Cattle prices advanced during the first two weeks in March, the improvement being most marked with the lower grades of all classes. A sharp break during the third week eliminated all of the advance on the better grades and part of the advance on the lower grades, and little recovery took place in any grades during the rest of the month or early in April.

The average weekly prices of choice and good steers at Chicago after the decline reached a level almost as low as the low levels of August last year, the average price of choice steers being but a little above 10 cents and of good steers a little above 9 cents a pound. The average price of slaughter steers at Chicago during March was the lowest for the month since 1922, and with the exception of that year, the lowest for the month since 1915. Compared with the first three months of 1922 the inspected slaughter of cattle this year was about 2 per cent larger while the average price of beef steers at Chicago was $8.73 this year and $7.57 in the earlier year. The spread between common steers and choice st ers this year was $4.50 and in the earlier year it was only $2.30.

Cattle supplies in March were fairly large. Receipts at 7 leading markets were 1 per cent larger than in March 1930 but 5 per cent smaller than the 5-year March average. Inspected slaughter was 3 per cent larger than last year but 8 per cent below the 5-year average. Compared with slaughter in January this year, slaughter in March was much above the usual relationship between these months in recent years. For the eleven years, 1920 to 1930, January slaughter averaged 11 per cent larger than March slaughter, while this year it was less than 3 per cent larger. Calf slaughter in March was 5 per cent larger than in March 1930, and but 2 per cent below the 5-year average.

For the past ten years cattle slaughter during the first three months of the year has ranged between 48 per cent and 50.5 per cent of the slaughter during the first six months of the year, the smallest percentage (48) being in 1922. If the proportion of slaughter this year during the first three months is no larger than in 1922 the six months slaughter this year will be about 3,850,000 head and for the three months, April to June, about 2,000,000 head. At 2,000,000 head it would be about 1 per cent larger than for the three months last year but smaller than in any other similar period since 1921.

The estimated number of cattle on feed in the Corn Belt States on April 1 this year was 7 per cent smaller than at that date in 1930, and the smallest number since 1921. Nebraska was the only important feeding State where there were more cattle on feed this year than last; the increase in this State was 15 per cent, compared to decreases of 11 per cent in Illinois, 12 per cent in Iowa, 20 per cent in Missouri, 7 per cent in South Dakota and 12 per cent in Kansas. Feeders reports on marketing plans showed that about the same proportion of the cattle would be marketed in April, May and June as was reported in April last year, with a larger proportion in April and a smaller proportion in June. Of the cattle to be marketed after July 1 a larger proportion than last year was intended for September or later and smaller proportions for July and August. This latter distribution of marketings is also indicated by the later movement of feeder cattle during the last half of 1930 and the increased proportion of calves in the supply.

For the next three months the supply of fed cattle will probably be smaller than last year, but there will be a larger supply of grass fat slaughter cattle from South Texas, where feed conditions have been the best in years. Last year, because of poor feed, most of the South Texas cattle went to pastures in Oklahoma and Kansas, while this year they will go to stock yards markets and thence, largely, to immediate slaughter. The movement into the Blue Stem pastures of Kansas and Oklahoma is expected to be considerably smaller than last year. Up to A ril 1 this year it is estimated that only 55 per cent of the available pasture in Kansas was leased while last year at the same date 82 per cent was leased.

BUTTER

Butter production in February declined more than usual; nevertheless it continues higher than a year ago. Movement into consumptive channels during February was considerably greater than a year ago. With present prices at a low level encouraging butter consumption and with the possibility of some improvement in business activity the seasonal decline in butter prices from March to June may be somewhat less than last year, even if production continues somewhat above a year ago.

The price of 92 score butter at New York during March of 28.9 cents was one-half cent higher than in February but 8.4 cents less than in March 1930. The farm price of butterfat on March 15 of 27.5 cents was also higher than in February but 21 per cent less than a year earlier.

The estimated production of creamery butter during February of 105.2 million pounds was 7.6 million pounds less than in January. Production in February is generally less in January, but the decline this year was more than the usual decline. Even though this decline occurred, February production was 5.7 per cent larger than a year ago and weekly reports indicate that production during March was also considerably larger than a year ago.

During the next few months pasture conditions will have an important effect on butter production. On April 1, 1931 the condition was reported as 76.1 compared with 78.5 last year and with the 5-year average of 82.8. The condition this year was low as compared with other years and was particularly low in the States most affected by the drought.

Even though retail prices of butter during 1930 were decidedly less than in the year 1929, the movement of butter into consumptive channels during 1930 was less than in the preceding year. In January and February, however, retail prices declined further and the movement of butter into consumptive channels was larger than a year earlier. The February movement of 153,000,000 pounds was 5.3 per cent more than in February 1930. This would seem to indicate that retail prices are now low enough to stimulate consumption.

The low point of butter prices (92 score at New York) usually comes in June and the decline is most rapid during April and May. For the past ten years prices during June averaged about 5 cents or 11 per cent lower than in March. In 1930 there was a decline of 4.4 cents or 11.8 per cent. Since butter prices are very low and there has not been any marked departure from the seasonal change in production and some increase in trade output, it is not likely that the decline in cents from March to June this year will be as great as last year.

Cold storage holdings of butter on April 1 of 18,025,000 pounds were about 12,500,000 pounds less than a year ago but 5,500,000 pounds more than the 5-year average. During the last two months butter prices in London declined slightly, while domestic prices increased somewhat. On April 9 the price of "best Danish" in London was 27.2 cents, and "finest New Zealand" 24.0 cents compared with 28.0 cents for 92 score at New York.

CHEESE

While the trade output of cheese has been low production has also been low and cheese prices have remained relatively steady. The decline in prices since the first of the year has been less than the average seasonal decline. Because of the low level of cheese prices and prospects for faily stable general business activity it does not seem probable that the decline in price from March to June or July will be as large as last year.

The ruling price of twins on the Wisconsin Cheese Exchange during March of 13.0 cents was 4.3 cents less than a year earlier and the lowest price for March since 1911. The decline in price from February to March was 0.4 cents compared with the 5-year average of 1.3 cents.

Cheese production during January and February was 9.3 per cent less than in the same two months of 1930 while butter production was 6.2 per cent larger. Production during March, however, was probably not as low compared with a year ago as was February production, since March receipts at Wisconsin warehouses were only 2 per cent less than in March 1930.

Trade output of cheese during January and February of 79.1 million pounds was 9.6 per cent less than during the same months of 1930. This decrease in trade output was about the same as the decrease in production.

Storage stocks as of April 1 were only slightly higher than last year, but about 8 per cent higher than the 5-year average.

EGGS

Egg prices averaged higher in March than in February, while receipts and storage stocks fell slightly below a year ago. Present indications are that receipts will continue to fall below a year ago but into storage movement will likely be less than usual so that egg prices are not likely to show any pronounced upward or downward trend during the spring, but will probably fluctuate around the present level.

Fresh extras at New York averaged 22.6 cents in March, a rise of 3.2 cents over February, but 4.6 cents below March 1930. The farm price of eggs on March 15 was 17.0 cents, 2.9 cents above the previous month, but 4.3 cents below the price of March 15, 1930.

Receipts of eggs at the four markets during March were 1,961,000 cases as compared to 1,992,000 cases a year ago and a 5-year average of 1,858,000 cases. In view of the reduced number of laying birds in farm flocks and of lower layings per flock as compared with earlier months, receipts are likely to continue to fall below a year ago.

Cold storage stocks of eggs on April 1 were 1,869,000 cases as compared to 2,189,000 a year ago and a 5-year average of 1,315,000 cases. The net into-storage movement this March was much less than a year ago, indicating a higher level of consumption, and a weaker storage demand. Stocks of frozen eggs are also large, being 77,491,000 pounds on April 1 compared to 49,751,000 pounds on April 1, 1930.

POULTRY

The farm price of chickens rose during March, due largely to the seasonal decrease in receipts and the stimulus of holiday demand. With storage stocks low for this time of the year and with receipts gradually lessening until late summer, prices are likely to continue their seasonal rise.

The farm price of chickens on March 15 was 16.1 cents, a rise of 1.0 cents since February 15, but 4.5 cents below the price of March 15, 1930. The 5-year average of the rise from February 15 to March 15 is .3 cents. Over the past five years the price on May 15, when the peak usually occurs, has averaged nearly a cent above that on March 15.

Receipts of dressed poultry at the four markets during March were 20.2 million pounds as compared to 16.4 million pounds a year ago and 24.7 million pounds in February. The March 5-year average is 16.7 million pounds. With smaller flocks on farms and with higher egg prices than in February, the marketings of chickens is not likely to continue on such a relatively high level as in the past two months.

Cold storage holdings of frozen poultry on April 1 were low, being 70,000,000 pounds as compared to 105.6 million pounds a year ago and a 5-year average of 87.1 million pounds. The large proportion of fowl (birds one year old or over), 21 per cent as compared to 13 per cent a year ago, is indicative of the heavy marketings of hens this winter and early spring.

LAMBS

The lamb market during March was fairly strong with prices at the highest level since last August. The average price of good to choice lambs at Chicago for the month was about $8.90 which was about 30 cents above the February average. Prices advanced during the first three weeks but part of this advance was lost the last week. During the first days of April another advance occurred that carried the top on lambs at Chicago to the highest point yet reached this year and prices reached 10 cents on April 10. The advance during March was greater on medium quality and on heavy lambs of all grades than on choice, medium weight lambs.

During March the first shipments of early California and Arizona spring lambs reached middle western markets and sold for price about $2.00 below early shipments last year.

Supplies of lambs and sheep for slaughter in March continued relatively large, although March was the first month since November, 1929, when monthly inspected slaughter was smaller than for the same month of the previous year. Slaughter in March at 1,325,000 head was 34,000 head or about 3 per cent smaller than in March, 1930 but was 19 per cent above the 5-year average March slaughter and the second largest for the month on record. Shipments of fed lambs from Colorado and western Nebraska were about 170,000 head smaller in March this year than last, but there was a very heavy movement of grass fat yearlings and wethers from Texas, probably three times as large as in March of any previous year. Slaughter of spring lambs in California in March was also of record proportions.

Supplies of fed lambs in April will be considerably below April last year. The number remaining on feed in Colorado and western Nebraska at the end of March was about 200,000 head smaller than a year previous, and supplies in other late marketing sections were smaller. Offsetting this in part will be a continued heavy movement of grass fat stock out of Texas and a heavy supply of spring lambs from California.

Except in California the development of the early lamb crop during March was generally satisfactory. While shortage of moisture and cool weather during March retarded the development of pastures in the early native lamb States, the lambs made average growth. In the North Pacific States and Idaho conditions were exceptionally favorable for the early lambs, and feed prospects for the next two months are good. A heavy movement from these States in June is probable.

WOOL

Sentiment in the domestic wool market has reacted to the favorable developments abroad and considerable activity has been reported in recent weeks. As yet, however, there have been but slight advances in prices in the Boston market but prices in foreign markets have improved materially since the low point was reached last January. At the Boston market increases have been reported in 3/8 blood strictly combing fleece wools and 1/2 blood and 1/4 blood territory wools as well as in a few grades of Ohio grease wools. Prices of

fine Ohio grease wools and fine fleece wools showed slight declines during the weeks ended April 4 and April 11 after having remained unchanged since January. Fine territory, strictly combing wools remained at 66½ cents a pound, scoured basis on April 11 and 3/8 blood territory at 51 cents a pound. The farm price of wool on March 15 had declined to 15.9 cents per pound compared with 16.4 cents per pound on February 15 and 23.7 cents per pound on March 15, 1930.

Prices have moved steadily upward in the primary markets of the Southern Hemisphere since the low point was reached in January, the increase in many cases being as much as 30 per cent or greater. The second series of London wool sales closed on March 31 with prices below the best level of the series but 5 to 9 cents a pound or 23 to 43 per cent scoured basis, above those at the close of the January series. The slightly lower prices at the close of the series were due to slower competition and the very large offerings available.

Business in Bradford has fallen off slightly since the close of the London sales, being somewhat affected by the Easter holidays, but consumption is sufficient to keep prices firm. The amount of wool, tops and yarn passing through the Bradford conditioning house in March was considerably larger than in February and was larger than the amount conditioned in March of the previous year. The improvement which began in February in continental Europe continued into March with prices moving strongly upward but machinery activity for the month was only slightly higher than in February.

Consumption of combing and clothing wool in the United States in February increased more than a million pounds over the January consumption. The total as reported was 24,007,000 pounds compared with 24,986,000 pounds in February 1930 and 28,034,000 pounds in 1929. Consumption of carpet wool increased from 6,744,000 pounds in January to 9,363,000 pounds in February. Consumption in February of last year was only 8,786,000 pounds and in February 1929 was 13,339,000 pounds. Imports of combing and clothing wool into the United States have increased since October but the increase has been much less than the normal seasonal increase for the period. Carpet wool imports declined in February of this year. Total imports of all wool were only 11,612,000 pounds compared with 18,226,000 pounds in February 1930 and 33,138,000 pounds in February 1929.

The present wool selling season is drawing to a close in the Southern Hemisphere. Clearances have been large and it seems likely that the bulk of the clip will be disposed of before the new Northern Hemisphere Clip comes on the market. However, stocks of tops in combing establishments of continental Europe on March 1, were larger than those held on March 1, 1930 while stocks of foreign and colonial wool in the United Kingdom on March 1 were unofficially estimated to be about 99,000,000 pounds above those held on March 1, 1930.

Present indications point to a probable slight decrease in the world clip for 1931 due to expected reductions in the Southern Hemisphere countries. Production in Northern Hemisphere countries this spring may show some increase but Northern Hemisphere countries account for only 30 per cent of the world's production of combing and clothing wool.

COTTON

Cotton prices had a general downward trend from early March until the 8th of April, but from April 8 to 13 recovered a part of the loss. At their recent low point, however, they were well above those of mid-December. Domestic mill consumption in March was well above that of February and nearly to the level of March last year. Exports also increased in March when they were higher than in either of the two preceding seasons. As a result stocks of cotton in the United States fell more in March this year than last, but the total apparent supply on April 1 was still about 2.4 million bales above a year ago. Sales of cotton cloth in the United States fell off somewhat in March from the high level reached in February, but was still above production. Unfilled orders for cotton cloth fell slightly in the month, but stocks became the lowest for several years. Cotton mill activity on the Continent of Europe appears to have increased slightly in March, but there was no apparent improvement in the sales of yarn and cloth. In Japan the cotton textile situation seems favorable. Reports of the International Cotton Federation show that for the first half of the present season world consumption of American and Egyptian cottons was materially below the corresponding period last season whereas consumption of sundries was nearly as great as last season and consumption of Indian cotton slightly exceeded that for the corresponding period a year ago. Recently exports of Indian cotton have fallen below exports a year ago and stocks at Bombay are lower than in either of the two preceding seasons.

The downward movement in cotton prices which began about March 5 continued with only a few interruptions until April 8. The average of the 10 markets declined from 10.56 cents on March 4 to 9.44 cents on April 8. By April 13 the price had recovered to 9.75 cents per pound. The average price of middling 7/8 inch in the 10 markets during March was 10.15 cents per pound compared with 10.12 cents in February and 14.74 cents in March 1930. The average United States farm price of American cotton on March 15 was 9.6 cents per pound, 0.5 cents above February 15, and 4.2 cents below March, 1930. The movement in the prices of most foreign growths has been similar to the movement of American. Important factors contributing to the weakness in cotton prices during this period are: the failure of textile activity and the sale of cotton textiles abroad to show substantial improvement, the failure of the sales of standard cotton cloth in United States to maintain its favorable record of the previous two months, the decline in stocks and other speculative commodities, and the unfavorable semi-annual consumption report of the International Federation.

The domestic consumption of raw cotton during March amounted to 491,000 running bales compared with 434,000 bales during February. During the past ten years consumption during March has averaged about 39,000 bales above February whereas the consumption during March this year was about 57,000 bales above February, and was only 17,000 bales below consumption in March last year.

Exports of domestic cotton during March totaled 605,000 running bales compared with 433,000 bales in February and 478,000 bales during March, 1930, and 556,000 bales March, 1929. During the past five years exports in March have averaged only 12,000 bales above February. The greatest increase over February took place in exports to Japan, Germany, and Italy. This brings the exports to Japan for the season to date ahead of last season, as they were the first two months of the season. Total exports for the eight months ending March

31, 1931, amounted to about 5,510,000 bales, only 261,000 bales below last season to the end of March, whereas at the end of January and February exports for the season were close to 400,000 bales below the corresponding periods last season.

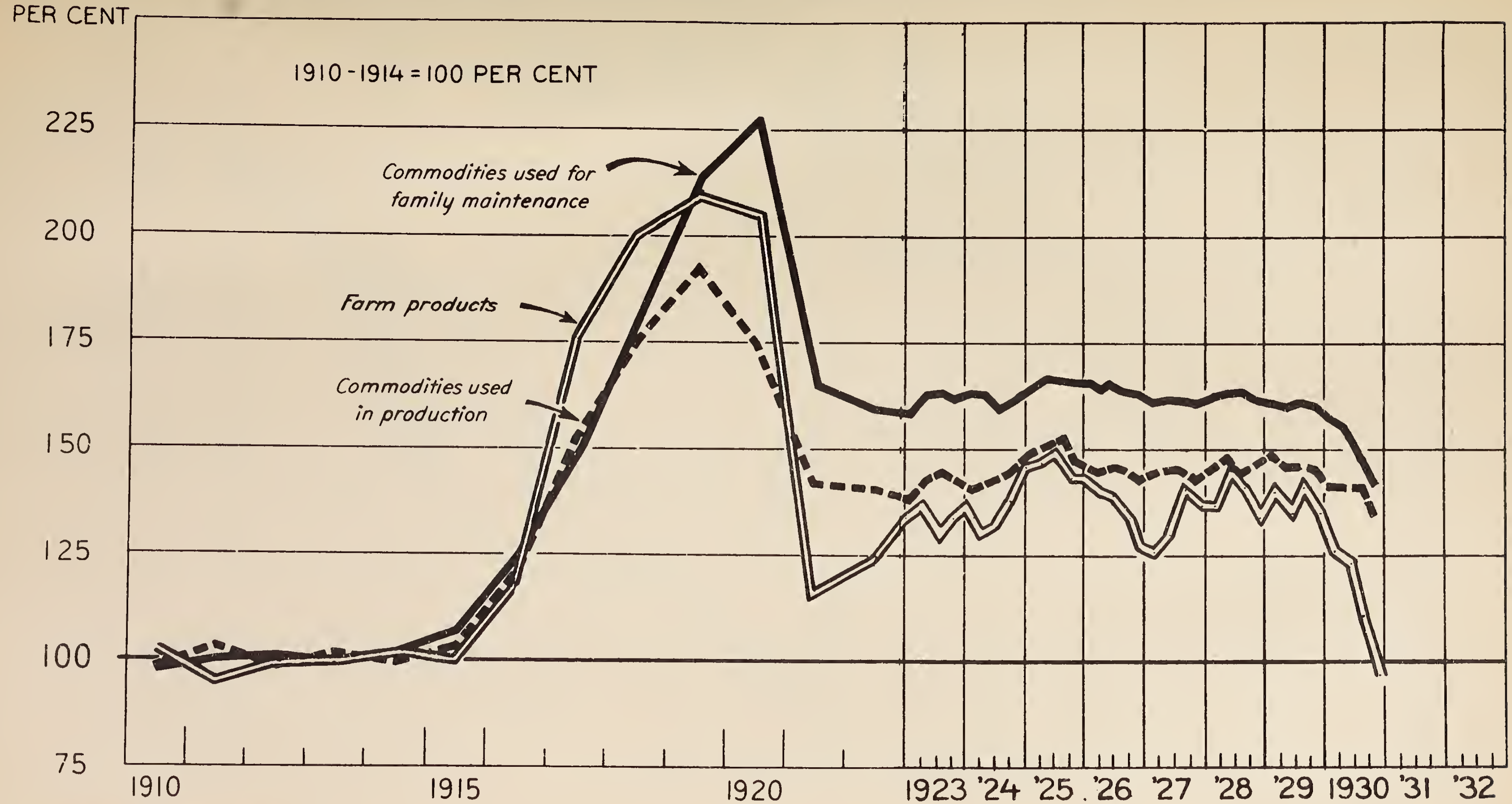
The apparent supply of American cotton remaining in the United States on April 1 was about 9.5 million bales or 2.4 million bales above a year earlier. A month ago the apparent supply was about 2.5 million bales above a year earlier.

Production of standard cotton cloth during March increased 2.4 per cent over February on a weekly basis whereas during the previous three years March production has averaged slightly below February. Sales during March averaged 59.1 million yards per week compared with 81.7 million yards during February. In the past three years sales during March have averaged about 4.1 million yards per week above February. Shipments in March were up compared with February and as a result stocks decreased about 14.3 per cent during March. The lower sales, however, resulted in a decrease of 5.5 per cent in unfilled orders. Stocks on hand at the end of the month were the lowest since October, 1927.

On the Continent of Europe sales of cotton yarn and cloth showed little if any improvement over February although a slight revival was evident in Central Europe. The spinning and weaving mill activity on the whole was slightly higher due to increased activity in Central Europe. In Japan the demand for higher count yarns was good during February and as a result the situation was favorable to the use of American cotton.

The world mill consumption of American cotton during the six months ended January 31, 1931 amounted to 5,278,000 running bales compared with 7,083,000 bales in the corresponding period last season, according to the estimate of the International Federation of Master Cotton Spinners. This decrease of 1,805,000 bales compared with a decrease of 2,038,000 bales in the consumption of all cotton and an increase of 28,000 bales in the consumption of Indian cotton during the first half of the present season compared with the same period last year. The greatest decline in the consumption of American cotton during this period took place in the United States and Great Britain, although consumption of American cotton the Continent of Europe during the first half of the season was also considerably below last season. China was the only important country which consumed more American cotton during this period than during the corresponing period in 1929-30. The countries in which the consumption of Indian cotton showed an increase over the half year ended January, 1930 were France, China, Great Britain, India and some of the smaller European countries. The total world consumption for the four classes of cotton reported by the Federation for the six months ended January, 1931 in per cent of the consumption in the same period last season were American 74.5 per cent, East Indian 100.9 per cent, Egyptian 78.5 per cent, Sundries 94.2 per cent and total 84.6 per cent. These consumption reports indicate that during periods of depression there is a tendency for mills to consume a larger proportion of cheaper cotton than in years of prosperity. In case of the displacement of American cotton by Indian cotton it was due in part, no doubt, to the fact that the relative prices of the two growths was more favorable to the consumption of Indian during the latter period than during the first half of the 1929-30 season. These consumption reports include the same figures for Russian consumption as for the six months ended July 31, 1930 since no reports were received by the Federation for the past six months period.

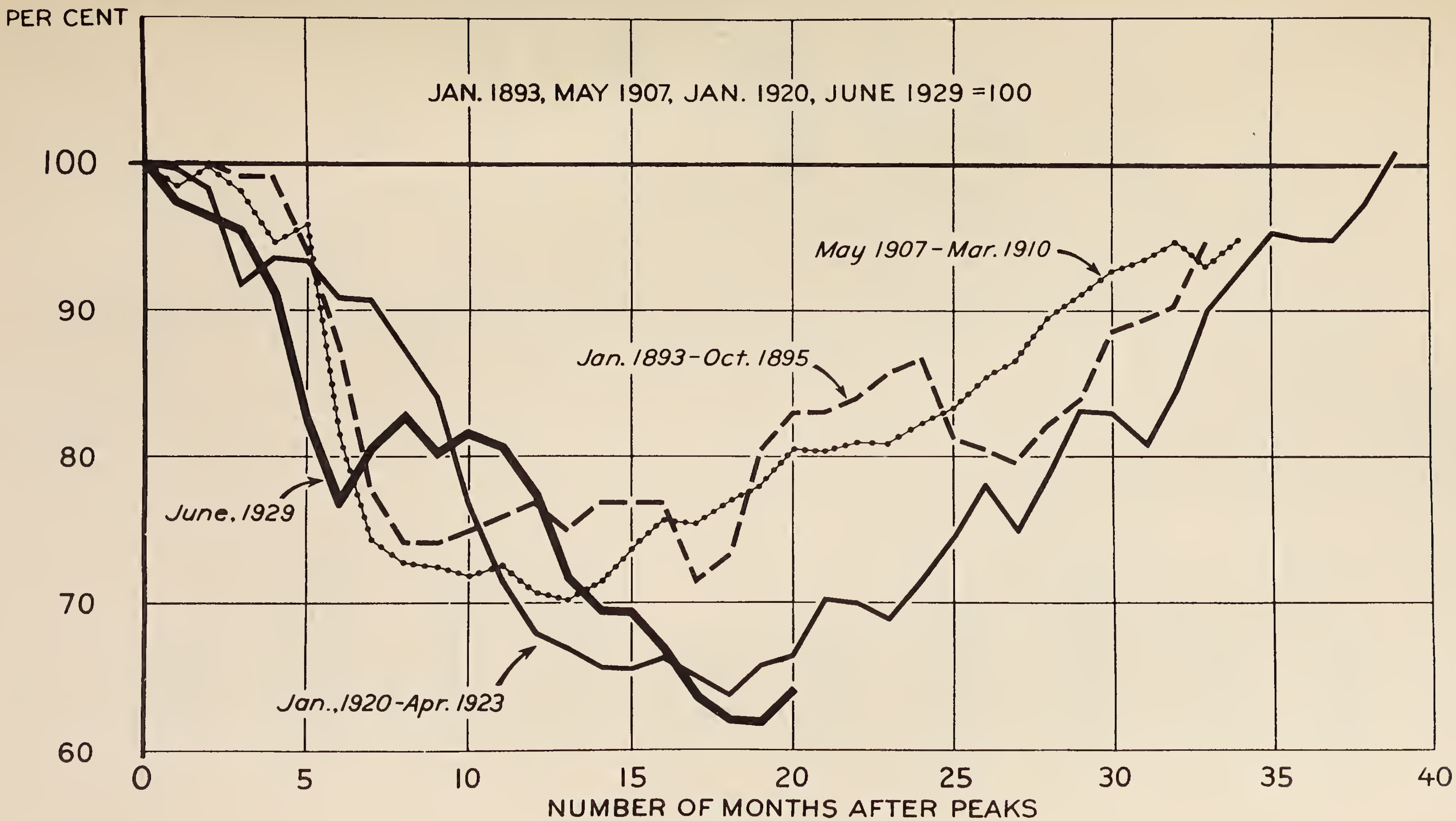
Prices of Commodities Farmers Buy and Prices Received for Farm Products, Index Numbers 1910 to Date



U.S. DEPARTMENT OF AGRICULTURE NEG. 22288 BUREAU OF AGRICULTURAL ECONOMICS

Figure 1 – Between 1923 and 1929 prices received by farmers fluctuated on a level 125 to 150 per cent of the pre-war prices, while prices paid by them for commodities used in production and in the farm home remained on a higher level. During 1930 prices received for products sold declined to a level 10 per cent below that of pre-war, while prices paid declined less and are still 139 per cent of pre-war prices

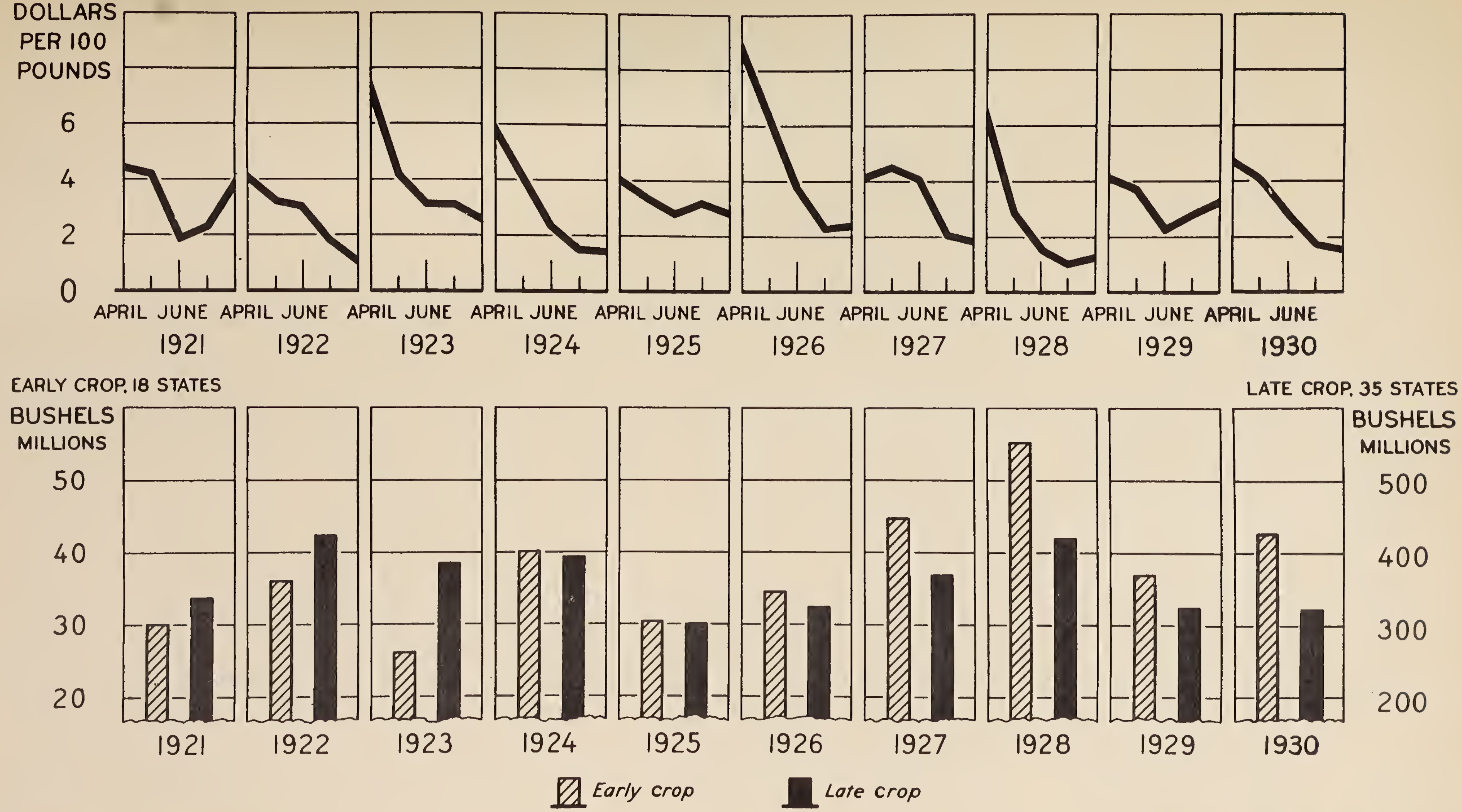
TRENDS IN INDUSTRIAL ACTIVITY IN THE UNITED STATES FOLLOWING THE PEAKS OF 1893, 1907, 1920, AND 1929



U S DEPARTMENT OF AGRICULTURE NEG. 21808 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 2 - THE LEVEL OF INDUSTRIAL ACTIVITY, AS REPRESENTED BY THE FEDERAL RESERVE BOARD INDEX OF MANUFACTURES AND MINERAL PRODUCTION, STOPPED DECLINING IN DECEMBER 1930, 18 MONTHS AFTER THE PEAK OF JUNE 1929. DURING FEBRUARY 1931 THE INDEX SHOWS A RECOVERY FROM 62 PER CENT OF THE PEAK TO 64 PER CENT, AND FURTHER IMPROVEMENT DEVELOPED DURING MARCH. A SIMILAR RECOVERY TOOK PLACE BETWEEN JULY AND AUGUST OF 1921 (THE 18TH AND 20TH MONTHS AFTER THE PEAK OF JANUARY 1920). THE DECLINE IN THIS MAJOR DEPRESSION HAS BEEN GREATER THAN IN THE EARLIER ONES OF 1893, 1907, AND 1920

PRICES OF NEW CROP POTATOES AT NEW YORK APRIL TO AUGUST AND PRODUCTION OF EARLY AND LATE-POTATO CROPS, 1921 - 1930



U.S. DEPARTMENT OF AGRICULTURE NEG. 20873 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 3 - THE SEASONAL COURSE OF NEW CROP POTATO PRICES, IS GENERALLY DOWNWARD FROM APRIL TO JULY EXCEPT IN YEARS OF VERY LIGHT CROPS IN THE SOUTH AND IN THE LATE PRODUCING STATES (AS IN 1921 AND 1929). IN YEARS OF LARGE CROPS, PRICES DECLINE BELOW $2.00 PER 100 LBS. IN JULY AND AUGUST. INCREASED ACREAGES IN ALL SECTIONS TOGETHER WITH FAVORABLE CROP CONDITIONS (AS OF APRIL 1) POINT TO LARGE CROPS IN BOTH THE EARLY AND LATE PRODUCING STATES

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release May 1?, 1931

THE PRICE SITUATION, MAY 1931

FARM PRICES

The slight rise in the general average of prices received by farmers which took place between February 15 and March 15 was sustained during the following month. The index of farm prices for April 15 remained at 91, 1 point higher than the lowest level reached so far in this depression on February 15, and 36 points lower than the index for April 15 last year. The trend in market prices since April 15 indicates that the level of prices received by producers on May 15 is likely to be lower than on April 15.

Compared with the considerable price changes of the past year, the changes in prices received by farmers between March 15 and April 15 were unusually small, the number of commodities showing declines was somewhat greater than the number of those that advanced. The increases particularly in the fruit and vegetable group were offset by small declines in dairy and poultry products, cotton, wool and hay.

Market prices of farm products during the first week of May showed a noticeably lower level of prices for hogs, butter, eggs, cotton and potatoes, with no outstanding increases in other commodities to offset them. It is therefore quite likely that the level of farm prices in May may be somewhat lower than in April.

GENERAL COMMODITY PRICE LEVEL

The general level of wholesale prices continued its downward course during April and the first part of May. The steady decline in commodity prices is indicated by the fact that out of eighteen weekly changes since the beginning of this year, only two advanced and all the rest declined. On May 5 the Annalist weekly index of wholesale prices declined for the eighth consecutive week, reaching 104.5 per cent of the 1913 average, compared with 107.6 on April 7, 110.7 on March 10, and 111.8 on February 10. A year ago the index averaged 132.0.

Practically all price groups included in the index declined compared with prices a month ago. Farm products declined most, from 98.3 to 93.5; foods from 114.4 to 111.3; textile products from 100.7 to 97.5; fuels from 126.5 to 125.1; metals 104.6 to 103.1 and building materials from 123.0 to 122.1.

In the recent declines new low levels for this depression have been made by many commodities, including wool, hogs, corn, silk, rubber, copper, steel scrap, coal and petroleum.

BUSINESS CONDITIONS

The gain in industrial activity made during the first three months of this year was apparently maintained during April, although some basic industries showed recessions. The recent declines in commodity prices, and the recessions in steel production and building contracts awarded suggest that industrial activity during the second quarter of this year will not continue the gain made during the first quarter.

Production of pig iron, electric power, automobiles and cotton cloth increased more than usual in April, while steel production made more than an average seasonal decline. Car loadings were also higher in April than in March, but building contracts awarded failed to retain some earlier gains and declined during April to a new low level.

The gains in industrial activity of the first quarter were only partly reflected in increased factory employment and payrolls; the latest data available show an increase in payrolls from an index of 70 in January to 72 in February and March, while employment increased from 77 in February to 78 in March. But these are only slight increases in the money incomes of consumers and do not represent any material change in the domestic demand for farm products.

Stock prices declined considerably during April to average levels about as low as in last December, industrial and railroad stock prices falling below the December low point, but recovered some in the first week of May. The Federal Reserve Bank reduced its rediscount rate early in May to 1½ per cent from a previous very low rate of 2 per cent. Bond prices declined with stocks but advanced in the second week of May.

WHEAT

Cash wheat prices in United States markets were somewhat higher in April than in March. There was also some improvement in world market prices during April and this higher level has been maintained during the early part of May. The advance in prices at foreign markets, however, has not been sufficient to bring them on a parity with the level at which United States May futures and cash prices have been stabilized. Except in the event of sharply higher prices in world markets, such as might be brought about by unfavorable crop developments, new wheat may be expected to sell at lower levels than those now prevailing for old wheat. July futures at both Chicago and Kansas City continue to be nearly 20 cents per bushel lower than May futures, while at Minneapolis they have been ranging only about 5 to 10 cents per bushel lower than May futures. The difference is partly due to July futures at Minneapolis representing old crop rather than new crop wheat, but the relatively smaller supplies of hard spring wheat now available and in prospect may result in a smaller price change being necessary in the adjustment from a supported to a non-supported market.

The April 15 farm price for the United States was 59.2 cents per bushel compared with 58.3 cents a month earlier. The average price of all classes and grades at 6 principal markets for April was 74.5 cents, compared with 71.4 cents during March, each of the four principal representative wheats

showing a rise. The smallest improvement of these representative wheats was in the case of No. 2 Red Winter at St. Louis which rose from 78.5 to 79.7 cents per bushel. The next smallest was in No. 2 Amber Durum at Minneapolis which averaged 73.2 cents compared with 71.7 cents during March. No. 2 Hard Winter at Kansas City and No. 1 Dark Northern Spring at Minneapolis averaged 73.0 and 79.7 cents respectively compared with 70.2 cents and 76.2 cents per bushel during the previous month.

The condition of winter wheat in the United States continues to be very good and the abandonment to May 1 is reported to have been very small. The condition of wheat remaining for harvest as of May 1 indicate a crop of 653 million bushels compared with 604 million produced in 1930 and a 5-year average production of 547 million bushels.

In the spring wheat regions of both the United States and Canada conditions are less favorable. Reports indicate that planting has been hampered by lack of moisture, and that in some regions there has not been sufficient rain to provide moisture for germination of the seed. There have also been reports of continued soil blowing which makes reseeding necessary in some parts of the spring Wheat Belt. As rain was not abundant last fall in most of the Great Plains spring wheat region, the need of timely rains in the next few weeks is especially great if the crop is not to be considerably reduced by lack of moisture.

In Canada it is reported that farmers' intentions indicate a reduction in spring wheat acreage of about 8 per cent, to 22.2 million acres. Such a reduction in the Canadian acreage, together with the reduction indicated by intentions to plant in the United States, and the prospects of reduced acreage in both Argentina and Australia, are indicative of the tendency of low wheat prices to finally affect plantings.

Despite evidences of decreasing acreages, conditions continue to point to the likelihood of abundant supplies of wheat for the world during the 1931-32 season unless there should be generally low yields for the world as a whole. The total surplus of wheat available for export and carry-over in the four principal exporting countries, United States, Canada, Argentina and Australia, as of May 1, is estimated to be about 703 million bushels compared with 611 million last year and 701 million in 1929. Requirements of importing countries during May and June are expected to be considerably larger than last year, and perhaps as great as in 1929. However, it is also to be expected that some supplies will still be forthcoming from Russia, which was not an exporter in the spring of 1929. While their surplus appears to be smaller it is likely that exports from the Danube countries may be somewhat larger than the spring of 1929. Consequently, present conditions point to a world carry-over on July 1, 1931, about as large as that of July 1, 1929; somewhat larger stocks in non-European exporting countries being likely to be about offset by smaller stocks in Europe.

The course of prices during April and early May has reflected the confirmation of reports that importing countries will continue to require fairly large shipments of wheat during the remainder of the current season. After having declined throughout most of the month of March, prices strengthened during April at Liverpool and at the principal markets of the various exporting countries. The improvement of prices during April was

somewhat greater than the decline during March, thus May futures at Liverpool, which averaged 62.5 cents per bushel for the week ended March 6, declined to 61.1 cents for the week ended April 3, and then rose to a level of 65.6 cents for the week ended April 24. For the week ended May 1 they averaged slightly lower at 64.6 cents, but the following week were higher again averaging 66.7 cents during the week ended May 8. The course of prices at Winnipeg and Buenos Aires was quite similar. Thus at Winnipeg May futures which averaged 59.0 cents for the week ended March 6 were 57.2 cents for the week ended April 3, and 61.7 cents during the week ended May 8.

CORN

Corn prices at terminal markets averaged lower in April than in March. A sharp decline which set in about the middle of April resulted in prices at the end of the month being about five cents per bushel lower than they were two weeks earlier. By May 12, however, the losses had been regained and prices were at about the same level as in mid-April. With market stocks and receipts continuing at a low level, the supply situation is tending to strengthen prices. However, with demand at a low ebb because of low prices for meat animals and dairy products, small industrial utilization and low prices for wheat, oats, barley and other feeds, there seems little prospect for any marked improvement in corn prices unless very unfavorable crop conditions should develop. The low price at which Argentine corn can be delivered at seaboard points also tends to keep corn prices from advancing.

The United States average farm price as of April 15 was 57.7 cents per bushel or slightly higher than the level at the middle of March when it was 57.5 cents. In general, prices in the surplus areas were slightly lower while prices elsewhere were a little higher than on March 15. Though the United States average price of corn was about 1.5 cents per bushel lower than that of wheat, there were many States where the price of wheat was lower. Corn was the lower in all the North Central States, Tennessee, Alabama, North Carolina, South Carolina, Georgia and Colorado, while in all the other States for which the farm price for both grains is available corn was as high or higher than wheat.

Up to the past week commercial stocks continued at a level below that of the corresponding date of last year and have been declining ever since the middle of March. For the week ended May 9 they amounted to 17.9 million bushels compared with 17.5 million a year ago. Receipts at 14 primary markets, however, continue smaller than a year ago, amounting to 17.2 million bushels during April, compared with 22. 1 million last year, and an average of 16.2 million bushels for April of the past five years. Receipts for the months November to April inclusive of the current season have amounted to 121.4 million bushels compared with 154.2 million last year and a 5-year average of 158.9 million bushels.

Industrial utilization, as indicated by wet process grindings, continues at a level considerably below last year. Grindings during April amounted to 5.5 million bushels compared with 6.6 million last year and an average for the five Aprils from 1926 to 1930 of 6.7 million bushels. For the season November to April inclusive grindings have totaled 33.2 million bushels during the current season against 39.4 million last season and an average of 42.7 million for the past five seasons.

Farm utilization of corn also appears to be at a lower rate than usual. Comparatively low prices for livestock and livestock products, and plentiful supplies and low prices of wheat, oats, barley and other feedstuffs all contribute to the small utilization of corn and the lack of insistent demand for the relatively small quantities available. During the remainder of the season corn prices will be subject to the influence of new crop conditions, but, as supplies of old corn available for the remainder of the season are small, new crop prospects may have less influence than usual on cash prices.

POTATOES

Prices of old potatoes averaged higher during April than during March, but in line with the probabilities indicated in the April Price Situation, the April price advances have given way to lower prices during May. The last of the old crop potatoes are being marketed on a declining price trend, and the prices of new crop potatoes averaged lower during April than during March and have continued to decline, in response to both a seasonal increase in marketings and total supplies of early potatoes greater than those of last year. Crop conditions continue to support the suggestion of a downward price movement this summer similar to that of 1928, (as shown graphically in the April Price Situation).

The average price received by producers on April 15 at 91 cents per bushel was 6 cents higher than the price received on March 15, but 55 cents lower than that of a year ago. The advance was general throughout the country, except in Idaho where supplies are relatively large.

Prices of old crop potatoes at New York were fairly stable during April, averaging $2.07 per 100 pounds compared with $2.01 for March. During the first week of May they averaged about 20 cents lower than during the first week of April. At Chicago the monthly average for April at $1.68 was 7 cents higher than the average for March and during the first week of May prices were about 30 cents lower than during the first week of April.

The higher prices during the last part of March and first part of April have apparently sustained shipments, for during both March and April shipments were greater than for the corresponding months of last year, while, during January and February they were about the same, when compared with the January and February shipments of 1930. So far this season, September through April total shipments have amounted to 165,300 cars compared with 164,700 for the corresponding period of last season; and have thus been in line with total available supplies which have been about the same for the past two seasons.

Prices on new crop potatoes at New York averaged $5.09 per 100 pounds during March and $4.81 during April and declined still further during the first part of May. Prices for Spaulding Rose Florida potatoes averaged about $2.90 per 100 pounds on May 7 compared with about $5.00 on April 7. This decline between April and May is greater than usually occurs and reflects the increased production of early crop potatoes this year. The recent decline is similar to that of the 1924 and 1928 seasons when prices continued to still lower levels during June and July as a result of large crops.

According to the crop report as of May 1, the early potato crop in the 10 Southern States, continues to show better than average conditions for this time of the year. With acreage in these States about 12 per cent greater than last year and yields expected to be about 6 per cent larger, a commercial production of early potatoes in the 8 earliest shipping States of about 15,831,000 bushels is indicated compared with 13,302,000 bushels in 1930. Through April new crop shipments have amounted to only 3,689 cars compared with 4,638, through April of last year indicating that relatively heavier market supplies are in prospect.

RICE

Prices of southern milled rice have continued practically unchanged during the past month. Fancy Blue Rose was quoted at $3.40 to $3.50 per 100 pounds at New Orleans on May 12. During the first two weeks of May a considerable amount of rough rice was sold at prices ranging from $3.00 to $3.10 per barrel. This represents an advance of from 10 to 20 cents per barrel over the April level. Prices of both rough and milled southern rice are not expected to change materially during the next few weeks.

Receipts of rough rice during April for milling amounted to 566,000 barrels as compared to 146,000 during April, 1930. Stocks in mills on May 1 were slightly under those of a year before, whereas stocks in farmers' hands were about the same as on May 1, 1930. Reports as of May 1 indicate that the remaining supplies of southern rice for sale and carry-over approximate the equivalent of 170 million pounds of milled rice. A year before the supply amounted to 176 million pounds. Reported sales during May, June and July last year totaled 127 million pounds leaving about 49 million pounds to be carried over into the present crop year. Sales for the 1930-31 crop-year, August to April inclusive, totaled about 846 million pounds as compared with 844 million pounds for the corresponding period last year. Exports for the same periods show a gain of 10 million pounds, and shipments to Porto Rico have also been above those of last year. Domestic sales during the fall and winter months, however, were below normal. The movement into domestic channels during April was relatively small owing to the usual seasonal decline in domestic interest.

Prices of fancy California-Japan at San Francisco have held practically unchanged at an average of $3.70 per hundred pounds during the past month, and will probably continue at about this level for the next few weeks. The domestic takings of California rice for the crop year to May 1 were slightly above those for the corresponding period last year but exports have been low. The relatively low prices of Italian, Spanish and Japanese rices have to a large degree prevented the export movement of California rice. Prices of Italian rice in European markets advanced from $2.91 to $3.37 per hundred pounds during the last month and Japanese rice prices at Tokyo have held steady.

HOGS

Hog prices have been moving downward in response to a seasonal increase in marketings and the continuance of the weak demand for hog products. The peak in marketings at this season of the year usually comes in late May or early June, and after that supplies fall off until about mid-September while prices tend to move upward. The indicated supply prospects for the coming summer favor at least an average price advance at that time but because of weak domestic and foreign demand conditions the summer rise may be below average.

Hog prices have been declining gradually since the winter high reached the middle of March and made a new low for the year during the week ended May 9, when the weekly average at Chicago dropped to $6.83. With the exception of a moderate rally during the first week in April each succeeding week has witnessed a fall in prices since the middle of March. The total decline from the middle of March to the first week in May amounted to around 85 cents, or about 11 per cent. The April average at Chicago was $7.26 compared with $7.46 in March and $10.00 in April 1930.

Federally inspected slaughter of hogs during April, amounting to 3,488,000 head, was only 0.2 per cent larger than that of April last year, and represented a seasonal reduction of 1 per cent from that of March. Last year April slaughter was 2.6 per cent larger than in March. The 10-year average reduction between the two months is 11 per cent.

The average live weight of hogs slaughtered during April was larger than in April last year, although a seasonal reduction in weights developed during the latter half of the month. Throughout the month buyers paid about the same premium for light-weight hogs that was paid in the other months of this year.

Domestic demand for hog products apparently has changed but little from the relatively low level that prevailed in the earlier months of the year. Prices of fresh pork declined during the first half of April but regained all of this decline during the second half. In the recovery, prices of light loins at New York reached the level of those of a year earlier but broke sharply the week ended May 9. Prices of cured pork in April were steady to slightly lower as compared with those in March. Lard prices weakened at Chicago early in the month but made a partial recovery later. Prices of most cured products are from 10 to 25 per cent lower than a year earlier.

The export demand for hog products continues to be an outstanding depressing factor in the current price situation. Total exports of pork in March were a trifle larger than those of February but they were less than half as large as those of March 1930. Lard exports in March also declined, after holding near the 1930 level during January and February. The March export movement was 15 per cent less than that of February and 12 per cent smaller than that of March last year.

Further accumulation of pork and lard in storage took place during April, while ordinarily the movement out-of-storage in that month is larger than the movement into-storage. Stocks of pork on May 1, amounting to 868 million pounds, were 3 per cent larger than those of April 1, 22 per cent above those of May 1, 1930 and 9 per cent larger than the 5-year May 1 average. Lard stocks increased 17 million pounds, or 21 per cent during April but the total of 95 million pounds on May 1 was 10 per cent smaller than on May 1 last year and 28 per cent smaller than the 5-year May 1 average.

The relationship between corn prices and hog prices continues favorable for hog feeding, despite the recent decline in the latter. Producers recently appear to be giving more recognition to the discount prevailing on heavy hogs and there is less tendency to feed to the heavy weights at which hogs were marketed earlier in the spring. The seasonal expansion in marketings that usually occurs in late April and May is now under way and hogs from the 1930 fall pig crop are being marketed freely.

Evidence based on studies of the relationship of the corn-hog ratio from April to September, and from October to March, to the proportion of the crop-year slaughter supply marketed during the fall and winter season (October to March), indicates that slaughter supplies for the five months, May to September, this year will be less than in the corresponding period of last year by from 500,000 to 1 million head. A similar reduction in summer slaughter is also indicated by the relationship of the estimated number of hogs on farms on January 1, 1931 to the number of hogs slaughtered during the four months, January to April. It is probable that this decrease in slaughter will be relatively most marked during the three months, July to September, since those areas where corn supplies are very short are likely to market fall pigs earlier than usual and in addition carry a larger than usual proportion of old hogs over into the next marketing year to be finished out on new crop corn. A seasonal market distribution of the kind indicated usually results in a rather marked price advance in the later summer but the extent of such an advance this year will be influenced materially by developments in business conditions, which thus far are showing very slow improvement.

CATTLE

Prices of all kinds and grades of cattle declined during the first three weeks of April, the decline being most severe during the third week of the month. This decline carried the weekly average price of beef steers at Chicago to the lowest point since early in 1922 and to the lowest point for April since 1915. The monthly average of beef steers in April this year was also the lowest for the month since 1915.

The decline was greatest on better grades of fed cattle, and part of this decline was probably seasonal. The average weekly price of choice steers dropped over $1.00 and of good steers about 90 cents, while common steers dropped about 50 cents. Cutter and common cow prices showed little decline. After reaching the low level about the third week of the month, prices of better grade cattle remained fairly steady and of lower grades tended to strengthen somewhat.

The April decline in prices was due partly to relatively large supplies of cattle and partly to low demand for beef, both for consumption and for stocker and feeder cattle for grazing and feeding purposes. The receipts at 7 leading markets were 6 per cent larger than in April 1930, 3 per cent above the 5-year April average and the largest in five years; inspected slaughter was 9 per cent larger than in April 1931, and 1 per cent above the 5-year average. Receipts of steers at Chicago were 21,000 head or 21 per cent larger than in April last year, with most of the increase in medium grades. While the number of choice grade steers was larger than in April last year, they were below any other April since 1924; the number of good grade steers was about equal to the 5-year April average, although 11 per cent larger than in April last year.

Present indications are that the number of cows slaughtered in April exceeded considerably the number in April 1930. If so this April will be the first month since the middle of 1928 in which cow slaughter was larger than in the corresponding month of the previous year and the only month since 1926 when the increase has been material.

During the last six months of 1930 cow slaughter both in actual numbers and as a proportion of the total was unusually small, reflecting the disinclination of both dairy and beef cattle raisers to sell at the lower level of prices. This situation continued during January and February of this year, but in March the slaughter of cows was about the same as in March 1930, and indications are that cow slaughter in April was above April 1930. Calf slaughter under Federal inspection in April this year was about 4 per cent larger than in April last year following an increase over the previous year of about 7 per cent in March. Whether this increase in cow and calf slaughter represents a tendency for the dairy industry to cut down numbers is as yet uncertain.

The heavy marketings of steers in April apparently resulted from the lack of confidence on the part of many feeders as to the future of the cattle market. This was probably a considerable factor in cases when it would have been necessary to purchase additional grain if cattle were to be carried longer. The increased slaughter was due in part to the falling off in stocker and feeder shipments which in April this year were over 20 per cent smaller than in April last year.

Numbers of cattle on feed in the Corn Belt are smaller than last year, but there are considerably more fed cattle still in feed lots in Colorado and western Nebraska than last year, due to the delayed movement from those areas. Supplies of grass fat steers in Texas are larger than last year and these will move in volume in May and June. The distribution of supplies during May and June will depend more than usual upon the reaction of growers and feeders to the present low prices; and also by the policy followed by dairymen in disposing of old and cull cows. If the Corn Belt continues to market heavily during the next two months, with the movement of replacement cattle into feed lots continuing small, the supply of fed cattle during the second half of 1931 will be relatively small. If there should be some increase in demand due to improved business conditions, a seasonal advance on fed cattle, at least as large as the average seasonal advance, seems probable after July 1.

BUTTER

Unusually heavy production of butter and relatively small increases in trade output caused a sharp decline in butter prices during April. With the seasonal peak of production, which will probably be large, still to be reached and with a weak demand for butter for consumption and storage, prices will probably continue low and irregular until after the peak of production.

Butter prices declined sharply during April. The price of 92 score at New York declined 4 cents from April 9 to April 20, and reached a new low point of 22.75 cents on May 11. The price during April averaged 26.1 cents, 1.1 cent less than during March and 12.4 cents less than a year ago. The farm price of butterfat on April 15 of 26.4 cents was about 11 cents or 30 per cent less than on April 15, 1930.

Production of creamery butter during March of 123.0 million pounds was 17 per cent more than during February. This was an unusually large increase as March production usually exceeds February by about 11 per cent. Production during March was 8.2 per cent larger than last year and reports from cooperatives and trade associations indicate that this increase in the market was maintained during April and early May.

Butter production during the coming summer will probably continue to be considerably larger than during the same months of 1930, as there are more cows on farms, and production was sharply curtailed during the summer of 1930 because of the drought.

Cold storage holdings of creamery butter on May 1 of this year of 16.9 million pounds were about 6 million pounds less than last year but about 6 million pounds more than the 5-year average. The low point of storage holdings usually comes on May 1.

During the last two seasons prices of butter during the out-of-storage season have averaged somewhat less than during the into-storage period. Because of this and the continuation of the declining price level and the general business depression, demand for butter for storage will probably be considerably less than during previous years. However, the volume of butterfat into-storage this year may be as large as in other years in view of the probably increased production and only a moderate increase in trade output. Although retail prices during the first three months of 1931 were materially below the same time last year, trade output of butter during the period was only 3 per cent greater than in the corresponding period last year.

CHEESE

The larger than seasonal increase in the production of cheese, and the decline in butter prices caused a marked decline in cheese prices during April. With a continued low trade output, large storage stocks, and further increases in production in prospect, there is little likelihood that price will improve during the early summer.

The ruling price of twins on the Wisconsin Cheese Exchange declined from 13 cents to 11 cents during April and on May 8 declined to 10 cents. The average price during April of 12.1 cents was slightly lower than the low point of June 1921, and the lowest April price since 1908.

With cheese prices at 10 cents per pound the returns to farmers for milk delivered to cheese factories is probably about 80 cents per hundred pounds.

Production of cheese during March of 34.4 million pounds was only 1.8 per cent less than for March 1930. Receipts of cheese at Wisconsin warehouses during April of 19.8 million pounds was only slightly less than during the same month of 1930, total cheese production in the United States during April probably was only slightly less than a year ago, while production during January and February was 9.6 per cent less than in the same months last year.

Cold storage holdings of American cheese on May 1 of about 40.6 million pounds were slightly higher than a year ago but 11.4 per cent larger than the 5-year average. May 1 is the seasonal low point of storage holdings. The general decline in cheese prices during the last two years will probably cause storage operators to follow a conservative policy.

EGGS

Egg prices declined steadily during April largely because of poor demand for current consumption. The low consumption, however, was offset by small receipts and cold storage holdings on May 1 were below those of a year ago. Should receipts continue below a year ago any improvement in demand would probably be accompanied by rising egg prices.

The price of fresh extras at New York dropped from 23 cents on April 2 to $18\frac{1}{2}$ on April 30 and averaged 20.9 cents for the month. This is 1.7 cents below the March average and 6.6 cents below April 1930. Firsts, both regular and storage packed, followed a similar course, averaging 18.9 cents and 20.0 cents, respectively for April. The farm price of eggs on April 15 was 16.2 cents compared to 17.0 on March 15 and 21.5 on April 15, 1930.

Receipts at the four markets during April were 2,394,000 cases as compared to 2,553,000 cases a year ago and a 5-year average of 2,401,000 cases. The increase over March is below normal, being 433,000 cases as compared to 561,000 cases a year ago and a 5-year average of 553,000 cases. Should this tendency continue, as it may in view of reports of smaller farm flocks, receipts during the into-storage season (March-July) will probably be below those of a year ago. On the other hand breaking plants may take less eggs than usual as storage stocks of frozen eggs are unusually large, which will increase the amounts of shell eggs to be consumed in other ways.

United States cold storage holdings of shell eggs on May 1 were 5,174,000 cases as compared to 5,766,000 cases a year ago and a 5-year average of 4,394,000 cases. This represents an into-storage movement during April of 3,281,000 cases as compared to 3,577,000 in April 1930. In view of the smaller receipts of April than in April 1930 this indicates a low level of consumption for the month, especially considering the present low level of prices. The trade disappearance in the 4 principal markets during April point to the same condition, being about 6 per cent below the corresponding month a year ago. In 1930 a similar low rate of consumption in the spring led to heavy accumulation of eggs during the spring and early summer months and to record cold storage holdings and unusually low prices the next fall and winter. However, in view of the present low prices and the prospect for some improvement in demand during the fall and winter months it is likely that egg prices will follow more nearly the usual seasonal trend during the next few months, than in the same period in 1930.

POULTRY

The farm price of chickens continued to make the usual seasonal rise expected at this period of the year when both receipts and storage stocks are decreasing. The price usually reaches its peak in May or June. Present prospects are that receipts will continue light for the near future, so that any improvement in business conditions would tend to lessen the decline common in the last half of the year.

The farm price of chickens on April 15 was 16.7 cents, a rise of 0.6 cent since March 15. The level as compared with a year ago has changed but slightly, 4.4 cents below on April 15 and 4.5 cents below on March 15.

Receipts of dressed poultry at the 4 markets during April were 17.1 million pounds as compared to 17.5 million pounds a year ago and a 5-year average of 15.5 million pounds. Receipts were 3.1 million pounds less than in March as compared to an increase of 1.1 million pounds a year ago, and a 5-year average decline of 1.2 million pounds. With fewer chickens reported on farms than a year ago, receipts are likely to continue light at least, for the next few months.

United States cold storage holdings of frozen poultry on May 1 were 45,856,000 pounds as compared to 77,420,000 pounds a year ago and a 5-year average of 63,443,000 pounds. The out-of-storage movement in April was 24.1 million pounds as compared to 28.2 million pounds a year ago, indicating a lower level of consumption.

LAMBS

Weekly lamb prices at Chicago were quite stable during April at a level about 50 cents higher than in March. The weekly average of good and choice lambs varied from $9.20 at the beginning of April to $9.42 the middle of the month and $9.32 the end of the month. Daily fluctuations in prices in some weeks were rather large. Whenever the top price on fed lambs at Chicago reached 10 cents, demand dropped off rather quickly and prices fell within a day or two as much as 50 cents, but made a fairly quick recovery. Fluctuations on spring lambs at Kansas City and Omaha, at which markets both Arizona and California spring lambs arrived in volume, tended to follow those of fed lambs, with the spread between the two somewhat narrower than is usual in April.

Prices of fat ewes and wethers declined during the month, although the usual seasonal movement during this period is upward. This decline reflected the heavy marketings of grass sheep from Texas.

Supplies of sheep and lambs in April were very large. Receipts at 7 leading markets were 5 per cent larger than the heavy supply of April 1930 and inspected slaughter was 8 per cent larger. Slaughter at 1,493,000 head was nearly 40 per cent larger than the 5-year April average and was the largest for the month on record and was the fifth largest of all months on record. Slaughter included an unusually large percentage of sheep, due to the heavy Texas movement. Receipts of Texas sheep at Ft. Worth were 257,000 head, compared to 42,000 in April 1930 and much the largest for any month in the history of the market. Supplies of Texas sheep at other markets were correspondingly large, Kansas City, getting 142,000 head compared to 29,000 head in 1930.

Supplies of fed lambs in April were considerably smaller than in April 1930. Shipments from Colorado and western Nebraska were about 150,000 head smaller in April this year than last, and supplies of fed lambs from Ohio and Michigan were also smaller. On the other hand supplies of early spring lambs in April were large. Shipments eastward from California to May 1 were about 240,000 head of live lambs compared to 78,000 to the same date last year, and shipments to May 1 of dressed lambs of around 50,000 head exceeded the total for the season last year. Slaughter of spring lambs within the State for local consumption was also the largest for the month on record.

While supplies of sheep and lambs during May and June will continue large, it is hardly probable that they will be as much above the corresponding months of last year as they were in April. The peak of the California movement was probably reached about May 1, and supplies during May will be no larger than in May last year. The number of lambs on feed in Colorado and western Nebraska at the end of April was estimated as 50,000 head smaller than a year earlier. While the early lambs in Tennessee and Kentucky will move in as large or larger volume than in April and May last year it is possible that the movement from Idaho and Oregon will be considerably smaller. Range feed conditions in these States declined considerably during April due to cold dry winds and lack of moisture. Prospects at the beginning of May were not good and abundant rain and warm weather were needed to insure adequate feed for a normal growth of the early lambs. Without these favorable conditions which were lacking the first week in May, the movement from these States may be considerably delayed. Supplies of early lambs from the Corn Belt States in May and June will probably be at least as large as last year, and a continued heavy marketing of Texas sheep through May is expected.

WOOL

Following the period of accentuated buying in February and March, activity in the wool markets has slowed down and prices have weakened both in the United States and abroad. The Southern Hemisphere selling season is practically over and foreign wool markets are likely to be quiet until next fall. Except for New Zealand, stocks in Southern Hemisphere markets have been reduced to normal levels for this time of year, and, unless some unforeseen developments occur, sales of the remaining stocks and of supplies held by foreign speculators should be moderate. The improvement that occurred in European demand for raw wool in February and March was not accompanied by a comparable increase in consumer buying so the demand for raw wool has been reduced. Nevertheless, foreign prices are still well above the January low point.

After holding steady generally in March and April domestic prices again declined in May in sympathy with the declines in foreign prices and the slowing up in domestic trade. Consumption for the first quarter of 1931 was lower than last year and 20 per cent lower than the year before last, but consumption rose slightly each month from November 1930 through March when it was greater than in the corresponding month a year ago. The margin of domestic over foreign prices has narrowed since January and although still higher than in the depressions of 1924 or 1927 will not be likely to force domestic prices downward unless foreign prices decline materially. (Figs. 2 and 3) Domestic demand while no doubt better than it

was three or four months ago is still depressed by the low consumer buying power and mills appear not inclined to buy wool for stock. The prices that develop as the 1931 domestic clip comes to market may be significantly influenced by purely temporary conditions that occur in the world wool market.

Prices on all grades of wool at Boston declined about 1 to 3 cents per pound between April 11 and May 9. Most of these declines occurred in May. The price of 64s, 70s, 80s (fine) strictly combing territory wools scoured basis at Boston for the week ended May 9 was 63.5 cents per pound compared with $66\frac{1}{2}$ cents per pound on April 11 and the price of 56s (3/8 blood) was 49.5 cents compared with 51 cents on April 11.

The third series of the London wool sales opened on April 28 with prices showing some reaction from the high points established at the March series. Merino wools were about 5 per cent below the closing prices of March series while crossbred wools were down $7\frac{1}{2}$ to 15 per cent reflecting the large supplies of these wools. The Bradford market for semi-manufactures had already reacted somewhat from the high point of March. As shown in Figures 2 and 3 price changes in the past three months have greatly narrowed the margin of domestic over foreign prices. Although the margin is still higher than it has ordinarily been in previous periods of ample domestic supplies and depressed domestic demand, the domestic market is from this standpoint in about as good a position to withstand foreign price declines as it has been for several years. Reflections of small declines in foreign markets would therefore, result more from a dealers interpretation of the world demand conditions than from the threat of increase imports.

The increase in consumption and heavy buying on the Boston market and the extremely small importations of combing and clothing wools during the first quarter of 1931 undoubtedly relieved the Boston market of a considerable amount of old wool. The new clip is now arriving in fairly large quantities and production is expected to exceed that of last year. Consumption of combing and clothing wool by manufacturers reporting to the Bureau of the Census increased through March for the fourth consecutive month and totaled 26,394,000 pounds compared with 25,730,000 for February and 24,800,000 in March, 1930. Although the first quarter is normally the season of heaviest imports, imports of combing and clothing wool for the first three months of 1931 have been only 13,676,000 pounds compared with 29,622,000 a year ago and 51,510,000 two years ago.

The decline in prices of tops and yarns in Bradford was accompanied by a slowing down in trade, but in the continental markets trade remained at a fair level and new orders for the wool industry resulted in some increase in machinery activity. The conditioning of wool tops and yarns in Bradford showed an increase in March and on the Continent conditioning houses had a turnover much greater than in February and also greater than in March, 1930. Figures are not available on the stocks of raw wool in European countries although they are estimated to be high in the United Kingdom, and are probably large in the Continent also. Stocks are still high in New Zealand, but in other Southern Hemisphere countries they are reduced to about normal for this time of year and are much lower than they were a year ago. The Southern Hemisphere markets therefore, will open in the fall without a burden of old wool such as they had in the fall of 1930. It is also expected that the coming clips in these countries will show some decrease.

COTTON

A general recession in the cotton industry has followed the general recovery of February and March, but prices have held above the December low point. In this country sales of standard cotton cloth fell in April to the lowest weekly level since June 1930 and, with that exception, since records became available in October 1927. Cloth production increased, however, because of the large amount of unfilled orders that had accumulated. British sales to the home market and to some small foreign markets have improved but sales to China and India have fallen again and total sales are running behind production. On the Continent the price declines have caused a hesitation in business. In Japan the restrictions on yarn production have been released a little to stop the imports of yarn from China, but the decline in raw cotton and the promise of more liberal supplies of yarn have forced yarn prices down. The recent reaction in the cotton industry has probably received a temporary emphasis from the fact that many had concluded that the earlier recovery marked the end of the depression in textile industries. Cloth sales for the month of April probably do not fully reflect the present consumer demand.

Exports of raw cotton from the United States were higher in April this year than last and contrary to the usual seasonal trend domestic consumption increased for the month, and was nearly as high as in April 1930. World production for 1930-31 is turning out to be less than reports early in the season indicated, apparently already showing some effects of low cotton prices. In this country, sales of fertilizers in the cotton States are much below last year and the weather so far has not been especially favorable for the coming crop.

The downward movement in cotton prices which began in early March continued with few interruptions until on May 2 the average of the 10 markets for middling 7/8 inch was 1.75 cents per pound below March 4 and only 0.23 cents per pound above the low point of the season made on December 15. The quotation on May 2 was 8.81 cents which compares with 15.32 cents on the same date in 1930. By May 13 the average in the 10 markets had advanced to 9.03 cents per pound. The average of the 10 markets during April was 9.50 cents per pound, 0.65 cents below March and 5.90 cents below April, 1930. The average price received by producers in the United States on April 15 was 9.3 cents per pound compared with 9.6 cents on March 15 and 14.7 cents on April 15, 1930. Price movements during the past few weeks have been largely influenced by the declines in sales of cotton textiles and by prices in the stock market, and other commodity markets. For two weeks ended May 8 prices of Indian and Egyptian cottons have been somewhat stronger than American in the Liverpool market, but for the month as a whole Egyptian cotton fell more than American.

Exports of domestic cotton during April totaled about 392,000 running bales compared with 350,000 bales during April, 1930 and 448,000 bales in April, 1929. The greatest increase in April this year over April, 1930, was in exports to Japan, the total in April, 1931 amounting to 113,000 bales compared with 100,000 bales a year earlier. Total exports for the season to the end of April amounted to about 5,906,000 bales or 215,000 bales below the corresponding period last season. At the end of March exports this season were 261,000 bales below last season and at the end of February were 389,000 bales below the corresponding period in the 1929-30 season.

The domestic consumption of raw cotton during April amounted to about 509,000 running bales, 18,000 bales above March and 23,000 bales below April last year, according to the Bureau of the Census. This increase over March compares with a 10-year average decrease of about 31,000 bales. Total consumption for the season to the end of April amounted to 3,899,000 bales, 949,000 bales or 19.6 per cent below the same period last season and 1,407,000 bales or 26.5 per cent below the first nine months of the 1928-29 season.

Due to the larger exports during April this year than during April a year ago and the fact that consumption was almost as great the apparent supply remaining in the United States, decreased 884,000 bales during April compared with a decrease of 854,000 bales during April 1930. This leaves an apparent supply of 8.6 million bales in the United States on May 1 compared with 6.2 million bales on May 1 last year and 4.6 million bales two years ago.

The latest estimates of the 1930-31 crop from most foreign countries show that the production is turning out considerably smaller than was expected earlier in the season. The world crop is now estimated at 25,500,000 bales of 478 pounds net, compared with an earlier estimate of 26,400,000 bales and an estimate of 26,300,000 bales for the 1929-30 crop. The indications are that the final estimate will be slightly smaller still. In the United States the weather conditions have not been very favorable for the 1931 crop. Sales of fertilizer tags in the South for the five months ended April 30 were 28.6 per cent below this period last season and 26.8 per cent below two years ago. In Alabama, Mississippi, Arkansas, Louisiana and Texas tag sales have been 40 per cent or more below last season.

Reports from Great Britain show that the demands from India and China continue poor and that the boycott of British goods in India is still effective. In spite of somewhat better trade in the home market and some of the smaller foreign markets the sales are falling behind the production of both yarn and cloth. Reports from the Continent during late April and early May state that the decline in cotton prices has adversely influenced trade opinion and spinners are buying only for immediate requirements. Mills in northern France have recently reduced wages and are now in fear of a strike. The statistical position of the French mills, however, is slightly improving and the long-time outlook is reported somewhat brighter. The March revival in the demand for yarn by Japanese weavers was followed in April by a less active demand which together with the decline in cotton prices and the increase in the output of yarn which began April 1, and the prospect for an additional increase of 5.8 per cent effective July 1 caused yarn prices to decline. In spite of the unfavorable earnings of the Japanese mills during the later half of 1930, however, 200,000 new spindles have been purchased by these mills during the first quarter of 1931.

Domestic trade in standard cotton cloth became less favorable in April as compared with the first three months of the year. Sales and shipments amounted to 61.0 per cent and 96.3 per cent respectively of production which was slightly above production in March. This resulted in an increase of 3.1 per cent in stocks and a decrease of 21.3 per cent in unfilled orders. Weekly sales during April averaged 41.7 per cent below March, 38.3 per cent below April 1930, and were the lowest since June last year. The ratio of sales to production was the lowest since November 1927. In evaluating this

decrease it should be observed that sales fluctuate widely from month to month and that sales in April have averaged 14.6 per cent or 10.8 million yards below those of March for the past three years. Total shipments and sales since the first of the year, however, are both still about 9 per cent in excess of production and unfilled orders are still larger than the stocks on hand.

Business Statistics Relating to Domestic Demand

Year and mo.	Industrial Production 1/ (1) 1923-1925 =100	Industrial Production 1/ (2) Trend = 100	Industrial Production 1/ (3) June 1929 =100	Factory payrolls 2/	Factory employment 2/	Commodity Prices: At farms 3/	Commodity Prices: U.S. Wholesale 4/ 1910-1914 =100	Commodity Prices: U.S. Wholesale 4/ 1926 =100	Commodity Prices: Foreign 5/	Interest rates 6/	Industrial stock prices 7/
1929											
Je	126	113	100	110	102	135	141	96	93	6.00	315
Jl	124	111	98	109	102	140	143	98	94	6.00	344
Aug.	123	110	97	110	102	143	143	98	93	6.03	361
Sept.	122	109	96	110	101	141	142	98	94	6.12	365
Oct.	118	105	93	106	100	140	141	96	93	6.09	321
Nov.	108	96	85	101	98	136	138	94	92	5.55	233
Dec.	101	90	79	98	95	135	138	94	91	5.00	247
1930											
Jan.	104	92	81	97	94	134	136	93	90	4.89	252
Feb.	107	94	83	95	93	131	134	92	88	4.65	268
Mar.	104	92	81	94	92	126	133	91	86	4.18	277
Apr.	107	94	83	95	92	127	132	91	86	3.88	288
May	104	91	81	93	91	124	130	89	84	3.69	269
Je	100	88	77	91	89	123	127	87	84	3.54	239
Jl.	95	83	73	85	86	111	123	84	83	3.16	232
Aug.	91	79	70	82	85	108	123	84	83	3.00	231
Sept.	91	79	70	83	84	111	123	84	81	3.00	232
Oct.	87	76	67	78	83	106	121	83	79	3.00	196
Nov.	85	74	65	74	81	103	117	80	79	2.90	182
Dec.	82	71	62	73	79	97	114	78	77	2.88	170
1931											
Jan.	83	72	63	70	78	94	112	77	76	2.80	168
Feb.	86	74	65	72	77	90	110	76	75	2.62	181
Mar.	88	76	67	72	78	91	109	74	75	2.55	182
Apr.						91					168

1/ Federal Reserve Board, 1923-1925 = 100, (1) adjusted for seasonal.
(2) adjusted for seasonal and trend.
(3) per cent of peak in June 1929.
2/ Federal Reserve Board, 1923-1925 = 100, adjusted for seasonal.
3/ U.S.D.A., Aug., 1909-July, 1914 = 100.
4/ Bureau of Labor Statistics.
5/ Weighted average of index for eight foreign countries -- United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands, 1926 = 100.
6/ Commercial paper at New York, adjusted for seasonal.
7/ Dow-Jones index.

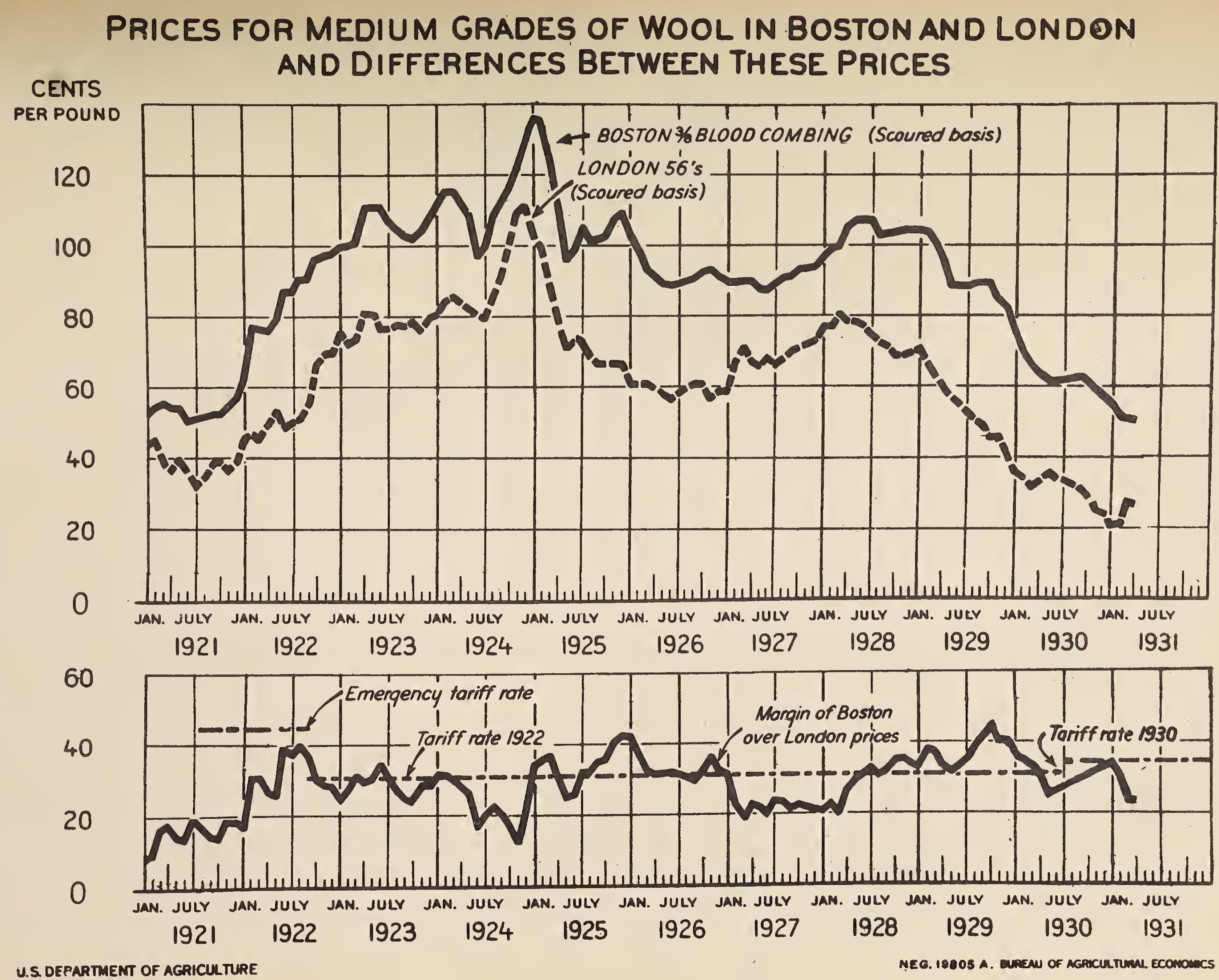


FIGURE 2 - WOOL PRICES AT BOSTON FOLLOW THOSE AT LONDON BUT ARE HIGHER BECAUSE OF THE TARIFF. MARGINS BETWEEN THE TWO USUALLY REFLECT DOMESTIC SUPPLY AND DEMAND CONDITIONS

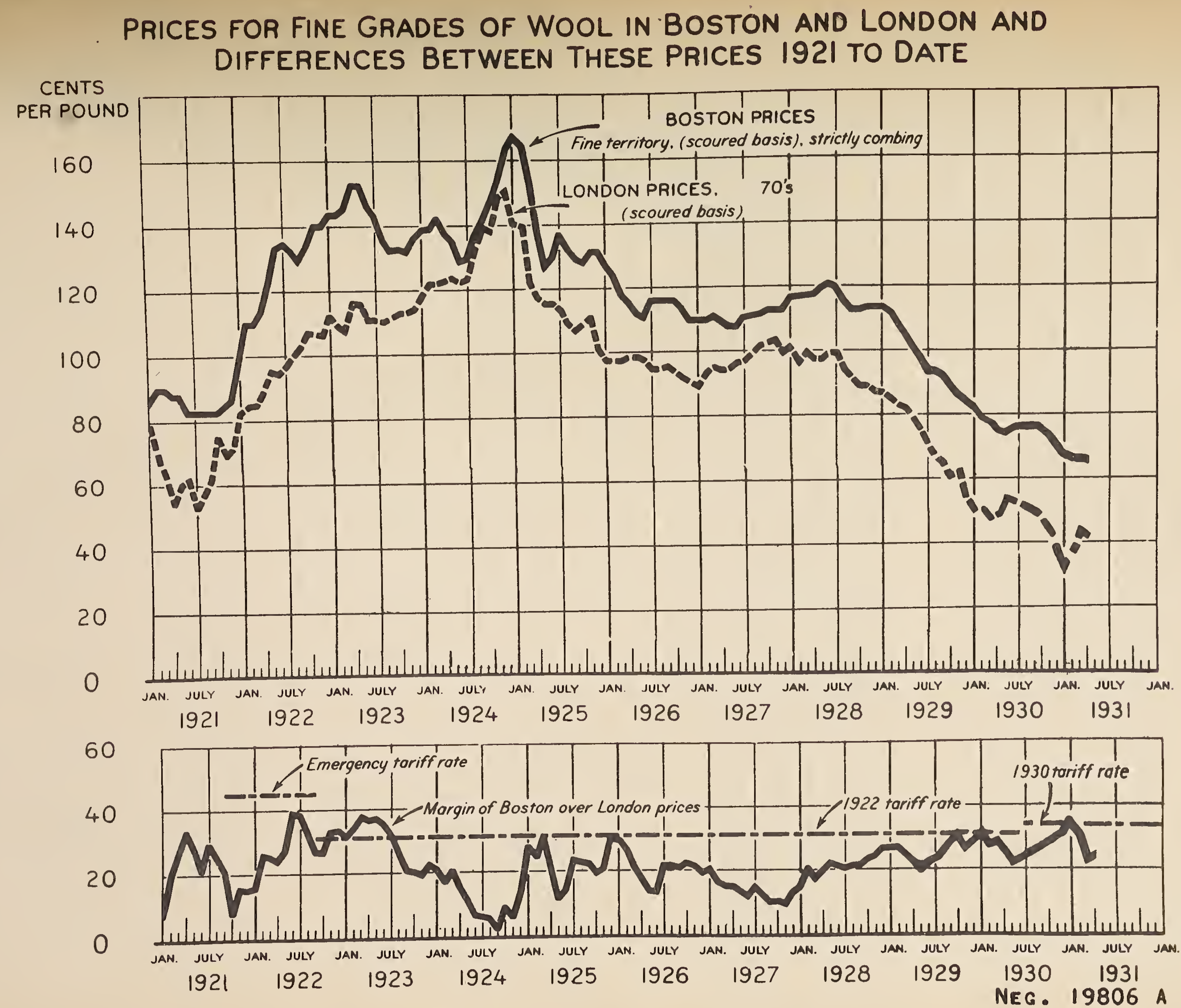


FIGURE 3 - DUE TO LARGER SUPPLIES THE DOMESTIC PRICES OF FINE WOOL USUALLY HAVE LESS INDEPENDENT STRENGTH THAN DOMESTIC PRICES OF MEDIUM WOOLS HAVE

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release June 15, 1931

THE PRICE SITUATION, JUNE 1931

FARM PRICES

The general average of farm prices declined sharply during May due largely to lower prices of cotton and livestock and livestock products. On May 15 the index of prices received by farmers at 86 was 5 points lower than on April 15 and 38 points lower than on May 15 last year. Prices of farm products at the central markets continued to decline after May 15, and although there was some recovery in livestock prices during the first part of June, the average of prices received by farmers during June will probably be below that for May.

The outstanding features of the recent price declines are: cotton at the spot markets fell below 8 cents per pound by the first week of June; the average price of beef steers went below $7.00 per hundred pounds, and of hogs below $6.00 at Chicago. Compared with pre-war levels, the commodities where supplies are relatively light, make the better showing. According to May 15 farm prices of potatoes, apples, cattle, lambs and chickens were still above the average of pre-war prices while others range all the way down to about 50 per cent of pre-war prices.

GENERAL COMMODITY PRICE LEVEL

Wholesale commodity prices continued to decline during May and the first part of June. According to the Annalist weekly index the recent declines have brought the wholesale commodity price level practically down to the pre-war average. On June 2 the weekly index at 100.4 per cent of pre-war prices was 4 points lower than on May 5 and 7 points lower than on April 7. A year ago the index stood at 132.3. During the month between May 5 and June 2 farm product prices declined 7 points to 86.3, food products 4 points to 107.0, textile products 2 points to 95.4, metal products 1 point to 101.3 and building material 2 points to 119.1. Prices of fuels and chemicals remained practically unchanged during May.

The price declines so far this year substantiate the forecasts made by some during the past few years that commodity prices would return to pre-war levels though the return has been much sooner than was generally expected. Since June 1929 prices of farm products declined at least 33 per cent and non-agricultural prices declined 21 per cent. The trend of agricultural prices for the rest of this year will depend to a large extent on the outturn of crops in the United States and abroad this year. While the condition of several crops on June 1 was below average there is little probability of any shortage in crop production in the United States this year unless generally unfavorable weather conditions should develop. Prices for livestock and dairy products and eggs are likely to show some seasonal advance depending on the rate of recovery in consumer purchasing power. On the other hand the prices of non-agricultural commodities will depend to some extent on the course of industrial activity. So far this year they have continued to decline even

though industrial activity advanced nearly 10 per cent by April above the low levels of last December. Should the current weakness in industrial activity (discussed below) be followed by further improvement in the late summer and fall months, non-agricultural prices are likely to become stabilized.

BUSINESS CONDITIONS

The gain in industrial activity during the first four months of the year was apparently maintained during May although some basic industries showed recessions. The money incomes of consumers, judging from factory employment and payrolls, though on a slightly higher level than that of last December and January is not likely to change materially during the next few weeks.

Industrial activity, as measured by the output of factories and mines advanced nearly 10 per cent from the low level of last December to April as shown by the rise in the Federal Reserve Board index from 82 to 90. It remained nearly at that level during May when more than seasonal reductions in steel and pig iron output were about offset by more than seasonal advances in other industries, such as automobiles and textiles. Building activity continues at the lowest level of this depression and the value of department store sales failed to maintain during May the sharp advance of April.

Stock prices declined considerably during May. According to the Dow-Jones index, 30 industrial stock prices declined from 151.6 on May 11 to 121.7 on June 2 to the lowest level since the first part of 1925 but averaged higher at 129.9 on June 6. Interest rates on commercial paper at New York also declined to about 2 per cent by the end of May as gold imports increased and commercial demand for credit remained low.

Such production and price trends as are available for the last part of May and the first part of June indicate that the noticeable advance in industrial production made during the first five months of this year may not be continued during June and July. Steel production has continued to decline. Automobile production is also reported to have been reduced, and car loadings have declined more than usual. But some irregularity after the advance already made would be in line with the early stages of revival from other major depressions. For this reason farm producers may consider any recession in demand accompanying such a slowing up of business activity as likely to be only temporary.

WHEAT

Cash wheat prices at United States markets were steady during May and averaged slightly higher than in April. At Liverpool and Winnipeg prices rose during the first half of the month and declined during the second half, the average prices for May being practically the same as for April. Early in June there was a sharp decline in cash prices which was followed by a recovery in the prices of bread wheat in the central and eastern States back to about their former levels. Readjustments between cash prices in United States and foreign markets seems likely in the next few weeks, especially after new wheat begins to move to market in volume. At the

beginning of a new harvest season the new wheat usually sells at some discount in relation to the old wheat of good milling quality. Readjustments in the prices of cash wheat between domestic and foreign markets may take place through either, or both, some improvement in foreign market prices and some decline in domestic market prices. It is to be expected that the wheat market will continue to be burdened by extremely large current stocks, but the importance of new crop prospects is increasing as the season progresses. Present indications point to a crop in the Northern Hemisphere outside Russia and China, somewhat smaller than last year. Adverse crop conditions in the spring wheat regions of Canada and the United States have recently had a tendency to strengthen prices in foreign markets.

The May 15 farm price for the United States was 59.9 cents per bushel compared with 59.2 cents for April 15. The average price of car-lot sales of all classes and grades of wheat at the 6 principal markets was 75.5 cents per bushel - 1 cent higher than the average for the previous month. Throughout May, cash prices in United States markets continued steady under the influence of stabilization operations, but early in June prices declined somewhat, the average price of all classes and grades declining to 71.0 cents for the week ended June 5. Comparisons for the weeks ended May 29 and June 5 respectively are as follows: No. 2 Hard Winter at Kansas City, 73.0 and 72.5 cents; No. 1 Dark Northern Spring at Minneapolis, 80.9 and 75.4 cents; No. 2 Amber Durum at Minneapolis 77.1 and 69.3 cents; No. 2 Red Winter at St. Louis 78.6 and 75.6 cents per bushel. During the second week of June prices of hard red winter, soft red winter, and hard red spring wheat advanced sharply at the principal markets east of the Rocky Mountains.

Stocks of old wheat, July 1, in the world outside Russia and China appear likely to be larger than last year and about as large as on July 1, 1929. In the United States, Canada, Argentina and Australia, stocks on June 1 appear to be considerably larger than last year and slightly larger than in 1929. Both in the importing and exporting countries of Europe (outside Russia) stocks appear to be much smaller than in 1929. The July 1 carry-over of the world outside Russia and China is somewhat uncertain due to uncertainty as to Russian shipments during the next few weeks. The amount of carry-over in Russia remains entirely uncertain though it is expected to be larger than last year and may be larger than in 1929.

The prospect for the world wheat crop of 1931 is uncertain, but present indications point to a crop smaller than last year for the world outside Russia and China. Estimated acreages of winter wheat together with intended acreages of spring wheat in United States and Canada point to a reduction of acreage in the Northern Hemisphere (outside Russia and China) of 2 per cent. In addition, smaller acreages appear to be assured in Australia and likely in Argentina. In the United States, the condition of winter wheat is excellent and a crop of 649 million bushels is indicated by June 1 conditions compared with a crop of 604 million harvested last year. This increase, however, is expected to be more than offset by smaller crops of spring wheat in the United States and Canada. Farmers have reported intentions to reduce acreage of spring wheat in both the United States and Canada and June 1 conditions in both countries are the lowest on record. Conditions in Europe also appear to be poorer than last year. Germany reports poorer conditions

than last year and Agricultural Attaché Michael at Belgrade indicates that the crop of the four countries of the Danube Basin will probably be from 30 to 40 million bushels less than last year. In India the 1931 crop is estimated to be 42 million bushels smaller than that of last year.

Information as to Russian prospects is meagre. The area seeded to spring wheat up to June 1 is reported to be 54.6 million acres. This is 6.9 million acres more than was reported sown up to June 1 of last year and is nearly as large as the total spring wheat acreage reported for last year. Winter wheat acreage has previously been reported to have been materially increased. Conditions of both the winter and spring crops appear to be about average, but it is hardly to be expected that yields will be as good as last year when they were unusually high.

If a world crop smaller than that of last year should materialize, there may be some improvement in world market prices in the latter part of the 1931-32 season as compared with the early part. The extremely heavy world carry-over may be expected to have an especially depressing effect upon early season prices. It should be borne in mind, however, that developments as to Russian exports will have an important bearing upon the course of world prices during the season and that indications as to the probable volume of such exports during the 1931-32 season are at the present time almost wholly lacking. There are also other factors which are now uncertain and which will affect the course of prices during the season. These include the relative size of the crop as between importing and exporting countries and as between the Northern and Southern Hemispheres and also developments as to business conditions in various parts of the world.

In United States markets, cash prices, especially those of hard winter wheat, may be expected to undergo considerable readjustments as compared with world price levels, in the next few weeks. During the week ended June 5, No. 2 Hard Winter at Kansas City averaged 72.5 cents per bushel and sales of parcels at British markets apparently averaged between 65 and 70 cents per bushel. Under normal conditions when the United States has a large exportable surplus of hard winter wheat, prices of No. 2 Hard Winter at Kansas City during midsummer and early fall generally average about 20 or more cents per bushel lower than the average of British parcels.

The relation of prices of hard spring and soft winter wheats to hard winters depends largely upon the relative production of these classes, but No. 1 Dark Northern Spring at Minneapolis and No. 2 Red Winter at St. Louis are almost always somewhat higher in price than No. 2 Hard Winter at Kansas City. With a production of 402 million bushels of hard red winter wheat in prospect compared with 366 million bushels last year, and with early indications pointing to a relatively short crop of hard red spring wheat, the price of No. 1 Dark Northern Spring wheat at Minneapolis may be expected to average higher than that of No. 2 Hard Winter at Kansas City during the coming season. The crop of soft winter wheat is indicated by June 1 conditions to be about 208 million bushels. Such a crop would be the largest of this class of wheat harvested since 1926 and nearly 14 million bushels larger than that of last year and would probably result in No. 2 Red Winter wheat at St. Louis averaging only a little above the price of No. 2 Hard Winter at Kansas City.

CORN

Corn prices averaged a little lower in May than in April. During the first half of May prices strengthened, but this was followed by a decline which brought them down nearly to early May levels by the close of the month. Both stocks and the rate of consumption continue at a low level with little to indicate the prospect of a marked change in prices either up or down before fall.

The United States average farm price as of May 15 was 56.3 cents per bushel, compared with 57.7 cents a month previous. At the principal terminal markets also, prices averaged lower in May than in April, the weighted average price of all classes and grades at 5 markets being 54.4 cents compared with 56.3 cents per bushel for the previous month. No. 3 Yellow Corn at Chicago averaged 54.3 cents for the week ended May 1 and was higher for each of the two following weeks, averaging 59.1 cents per bushel the week ended May 15. It then declined to 56.1 and 55.0 cents per bushel respectively for the last two weeks of May, while for the week ended June 5 it averaged 55.3 cents.

Commercial stocks as of June 6 amounted to 10.9 million bushels which was practically the same as on the corresponding date of last year and about half as large as the average for the corresponding date of the past four years. Receipts at the 14 primary markets continue at a very low level, amounting to 10.8 million bushels for May compared with 16.4 million last year and an average for the past five years of 15.3 million. For the months November to May inclusive receipts have amounted to 132.3 million bushels this year against 170.6 million last year and a 5-year average of 174.2 million bushels.

Industrial utilization, as indicated by wet process grindings, continues at a level considerably below last year. Grindings during May amounted to 5.6 million bushels compared with 6.6 million last year and an average for the five Mays from 1926 to 1930 of 6.4 million bushels. For the period November to May inclusive grindings have totaled 38.8 million bushels during the current season against 46.0 million last season and an average of 49.2 million for the past five seasons.

With commercial stocks at low levels, corn prices are expected to continue somewhat sensitive to the volume of receipts. Both farm and industrial utilization are likely to continue through the remainder of the present season at a relatively low level, but with farm and market supplies at a low level no marked decline seems likely before fall even though new crop prospects should continue favorable. However, it should be borne in mind that, although corn prices are at very low levels compared with recent years, they are at high prices compared with those at which wheat is expected to sell this summer. Under these conditions a marked shortage of supplies would have to develop this summer to cause any material rise of prices to be warranted. New crop prospects will, of course, have some bearing upon the outlook for prices, but it is still too early in the season for these to be very significant.

POTATOES

The average of prices received by producers for potatoes throughout the country at 87 cents per bushel on May 15 was 4 cents lower than on April 15 and 63 cents lower than on May 15 last year. The advances shown in April failed to hold, apparently because of abundant supplies of old crop potatoes, rapidly increasing shipments from the early States and prospects for a substantial increase in production in the second early States. Prices declined generally throughout the country between April 15 and May 15 except in the West North Central States. Since May 15 there have been further declines in the market prices of both old and new crop potatoes.

Prices of old crop potatoes at New York declined from $2.03 per 100 pounds (Green Mountain, sacked) during the first week of May to $1.57 during the last week. On June 6, they had fallen to $1.37. Prices of new crop potatoes declined during the first three weeks of May from $3.61 per 100 pounds to $2.31 and after a moderate recovery, declined further to $1.30 on June 6. On the Chicago market, old crop potatoes (Round white, Wisconsin) declined from $1.56 to $1.19 per 100 pounds during the month and remained practically at that level during the first week of June. New crop potatoes on the Chicago market declined continuously from $4.02 during the first week of May to $1.58 during the first week of June.

The unusual weakness in potato prices in recent weeks compared with prices last year appears to be due to more abundant supplies carried over from the old crop, larger supplies of new crop potatoes and a much lower level of consumer incomes. Last year, shipments of old crop potatoes from the northern States amounted to 2,546 cars for the week ended May 3 and then declined seasonally to 1,071 during the week ended June 7. This year they amounted to 3,862 for the week ended May 2, and 1,027 for the week of June 6, the excess over last year's shipments continuing throughout the month of May. Shipments from the early producing States for the week of May 2 this year at 1,544 cars were only slightly higher than during the comparable week last year and were maintained at about last year's volume during the following three weeks, but by the end of the month and during the first week of June they greatly exceeded the comparable shipments of last year. For the week ended June 6, shipments had advanced rapidly to 6,205 cars compared with 4,739 cars last year, an excess of about 30 per cent. According to the latest crop report the early crop in ten southern States continues to show a very favorable prospect with average condition reported on June 1, 80.5 of normal compared with 71.1 in June 1 last year. Excellent yields are reported or expected, particularly in the Atlantic Coast States. The commercial or shipping portion of the early potato crop in the second early States is estimated at 21,396,000 bushels or 11 per cent greater than in 1930, while in the five intermediate States the crop is forecast at 10,691,000 bushels or 3 per cent more than last year's crop.

Although the current and prospective supplies this summer are somewhat below the record supplies of 1928, the continuation of low consumer incomes and the generally lower level of food prices make the prospects for the course of prices this summer more nearly like that which developed during 1928 when new crop potatoes at Chicago declined from an average of $2.94 per 100 pounds for May to $1.74 for June and $1.15 for July. This year's average for May was $2.75 and so far in June $1.58 or about 20 cents per 100 pounds lower than the comparable prices in 1928.

RICE

Prices of southern milled rice at New Orleans during the past month averaged about 5 cents per hundred pounds lower than for the previous month. Fancy Blue Rose was quoted at $3.40 per hundred pounds on June 12. Prices at other southern markets continued practically unchanged. American rice prices in European markets registered a slight advance during the past two weeks. Rough rice prices in the Southern Belt have been generally steady during the month. Prices for the remainder of the crop year are likely to remain at about present levels.

Receipts at mills of southern rough rice during May amounted to 520,000 barrels which was about 40,000 barrels lower than the April movement, but considerably above the normal May receipts. Stocks of rough and milled rice in hands of mills on June 1 amounted to 1,278,000 barrels (or pockets) which is about equal to the average on that date for the previous five years. The movement of southern milled rice into consuming channels during May totaled about 61 million pounds as compared with 77 million during April and 57 million during May 1930. Total sales for the first ten months of the 1930-31 crop year amounted to 907 million pounds as compared with 902 million for the corresponding period last year.

The export movement has accounted for about 20 per cent of these sales, shipments to Porto Rico a little less than 18 per cent, leaving about 62 per cent that has been taken by domestic markets. This distribution of sales is approximately the same as for the corresponding period in 1929-30. If rice prices continue at present levels during the remainder of the 1930-31 season it is likely that sales of southern rice for the crop year will exceed those of 1929-30. Domestic sales for the crop year are likely to exceed those of last year whereas exports will probably fall short of those of last year by a relatively small amount.

Prices of fancy California-Japan rice at San Francisco during the month ended June 15 have held steady at from $3.70 to $3.80 per hundred pounds. These prices are not expected to change materially during the next few weeks. The takings of Hawaiian buyers have fallen off during the past week but the movement of California rice to this market for the crop year to date has been well above that of the corresponding period for any previous year. Exports to Canada during the past month have been very small and Japan has been taking only limited quantities. Reports indicate moderately heavy holdings by mills with stocks in first hands becoming rather low.

HOGS

Hog prices declined through May and established new post-war lows during the first week in June, notwithstanding that slaughter supplies were the smallest for May in five years. Unusually weak demand conditions in this country and abroad continue to make it difficult to move hog products into consumption except at marked price reductions. Although hog slaughter for the remainder of the marketing year ending September 30 is indicated to be somewhat smaller than that of the same period last year, the domestic market will probably have to absorb larger supplies of hog products than last summer because of reduced exports and larger storage holdings.

Last year the weekly average of hog prices at Chicago held fairly steady around the $10 level from early March until about the middle of June. It then declined sharply to around $8.75 in late June and fluctuated between $8.50 and $9.00 until a seasonal rise got under way in early August. This year prices declined steadily from early April to the first week in June when the weekly average at Chicago was $5.94 and a new low for the post-war period was established. This low was made in spite of the fact that receipts at 7 markets that week were 27 per cent smaller than during the corresponding week last year. The daily top price at Chicago dropped to $6.20 on May 27, and was the lowest daily top since that of February 14, 1912 which also was $6.20. During the week ended June 13 prices recovered much of the May decline. The May average at Chicago was $6.53 compared with $7.26 in April and $10.00 in May, 1930 and was the lowest monthly average since December 1915. The price spread between different weights of butcher hogs at Chicago was greatly reduced during May and in the first week in June this range became the narrowest since last December.

Hog prices declined relatively more during May than did corn prices, with the result that the corn-hog ratio became less favorable. On the basis of Chicago prices the ratio for May was 11.6 as compared with 12.4 in April and 12.7 in May last year. The ratio based on farm prices for the United States declined from 12.0 on April 15 to 11.3 on May 15.

Fresh pork prices at New York advanced during the last half of April but declined sharply during May and held steady in the first week in June. The declines were relatively greater on light loins than on heavier ones which accounts in part for the narrowing of the spread between prices of heavy and light hogs. Prices of several cuts of cured pork at New York remained steady at the levels prevailing at the end of April but rather substantial declines were made on others. In general, the market for cured pork during May was relatively stable but prices in early June were from 15 to 40 per cent lower than those of a year earlier.

Federally inspected slaughter of hogs during May, amounting to 3,408,000 head, was 2.3 per cent smaller than in April and 10.8 per cent smaller than in May 1930. Although the reduction amounted to 414,000 head, part of this can be attributed to the fact that there was one less slaughter day in May this year as compared with May last year. Except for 1918, this is the only year in which May slaughter has been smaller than April slaughter. The 20-year average seasonal increase from April to May is about 11 per cent. The average live weight of hogs slaughtered during May was heavier than in May last year. Slaughter at 9 centers for the two weeks ended June 12 was 26 per cent smaller than that during the corresponding period in 1930 but it is hardly likely that total Federally inspected slaughter for the month will show so great a decrease.

A weak foreign demand for American hog products continues to characterize the export situation and gives no indication of early improvement. Total exports of pork in April were 43 per cent smaller than in April, 1930 and lard exports declined about 11 per cent. Loadings from the principal ports of the United States indicate that exports of pork products fell off even more in May, as lard shipments from these ports were a third smaller and the pork movement was about 56 per cent smaller than in May last year.

Total exports of hog products for the first four months of 1931 were 20 per cent smaller than those in the corresponding period last year despite an increase of 6.4 per cent in the production of pork and lard and a decrease of 1.2 per cent in the apparent consumption of these products.

Storage stocks of pork continue relatively large. Although the movement of all hog products out-of-storage in May was slightly larger than in May last year and exports were considerably smaller, the apparent domestic consumption was less than in May, 1930, since there was almost 11 per cent reduction in hog slaughter. Disappearance of pork and lard into consumptive channels during April was 7.6 per cent smaller than in April last year. Stocks of pork on June 1, amounting to 828 million pounds, were 5 per cent smaller than those of May 1, but were 23 per cent larger than those of June 1, 1930 and 10 per cent above the 5-year May 1 average. Lard stocks increased 7 million pounds, or 8 per cent during May. The total of 103 million pounds on June 1 was 10 per cent smaller than on June 1 last year, and 26 per cent smaller than the 5-year June 1 average.

The supply of hog products to be moved into consumptive channels during the remainder of the current hog-crop marketing year which ends September 30 will be one of the important factors that will determine the summer level of hog prices. During the four months, June to September, last year the total production of pork and lard from Federally inspected hog slaughter amounted to 2,240 million pounds, while apparent consumption totaled 2,241 million pounds. Exports of 284 million pounds about equalled the reduction in storage stocks which took place between the beginning of and the end of the period.

This year, storage stocks on June 1, exceeded those of the same date last year by 140 million pounds. If exports continue to show the same relative decrease as prevailed in the first four months, as seems very likely, this means 57 million pounds additional product to go into the supply for domestic consumption. The total supply represented by the present increase in storage stocks over last year and the probable decrease in exports from June 1 to September 30 is the equivalent of about 9 per cent of the total production and consumption of hog products from Federally inspected slaughter in the June to September period last year. If hog slaughter during this period this year, therefore, should be equal to that of the corresponding period last year the supply of products for domestic consumption is expected to be 9 per cent larger than that of last year. In order to keep the supply of hog products for domestic use as small as that of last summer a reduction in slaughter of about 1,100,000 head will be necessary. Although slaughter supplies this summer are expected to be less than last summer it is unlikely that the reduction in the June to September period will equal a million hogs. Hence if storage stocks at the end of the marketing year are to be reduced to the level of October 1, 1930, the domestic market probably will have to absorb larger supplies of hog products than it did last summer.

CATTLE

Prices of all classes and grades of cattle continued to decline during May and in the last week of the month nearly all classes were at the lowest level not only for the season but for all months since 1911. While the average price of all beef steers at Chicago for May at $7.30 did not go quite as low as in January 1922, the monthly average of the different grades of beef steers went below the lowest levels reached in 1922, when cattle prices were at the lowest levels from 1911 to that date. The declines in the weekly average prices at Chicago during May amounted to $1.60 on choice steers, $1.39 on good, $1.00 on medium and $.97 on common. Somewhat similar declines were made in the prices of different grades of butcher cattle.

From the first week in January to the last week in May the decline in the weekly average of choice steers amounted to about $5.50, of good steers to $4.00, of medium steers to $2.40 and of common to $1.60. The declines on the better grades were in part seasonal but with the lower grades the sharp drop in the level of all cattle prices eliminated the seasonal advance usually shown during this period.

The drop in cattle prices in May was caused by the weakening consumer demand for beef as shown by declining retail and wholesale beef prices and not accompanied by unusually large supplies of cattle. Receipts at 7 leading markets and inspected slaughter of cattle during May were both 2 per cent larger than in May 1930 but were 5 per cent and 4 per cent respectively smaller than the 5-year May average. Receipts of beef steers at Chicago were about 5 per cent larger this May than last but the proportion of choice and good steers this year was about 52 per cent of the total, while last year it was only 41 per cent. The actual number of the two grades, while much above May last year, was considerably below the 5-year average for the month.

In the depression of 1921-22 the prices of choice and good steers at Chicago reached their lowest levels in May 1922. In that month the average price of choice steers was $8.80 and the number sold was over 14,000 head, in May this year the average price was $8.17 and the number sold was 9,500 head; of good steers in May 1922 the average price was $8.37 and the number sold was 66,000 while in May this year the average price was $7.51 and the number sold was 39,000. Total inspected slaughter in May 1922 was 702,000 head and in May this year it was 704,000 head. These figures give some measure of the effects of the two depressions on the prices of cattle in relation to the supply. During the first five months of 1922 the inspected slaughter of cattle was 2 per cent smaller than during the first five months of this year.

During the first week in June cattle prices made a rather marked recovery from the low point of the last week in May. This advance was due to sharply curtailed marketings and to the better demand from killers following the clearing up of the congested condition in the wholesale beef market.

It is probable that beef steer prices at the end of May reached the lowest levels of the present depression and that prices of other kinds of cattle that usually make a seasonal decline during the second half of the year will go but little if any below the low point of May. With short supplies of feed cattle in prospect for the next few months a seasonal advance of such cattle at least equal to the average advance is probable.

BUTTER

Following the sharp decline in butter prices during the latter part of April and early May butter prices have remained relatively constant at a low level for the last three weeks. It is probable that butter prices are at about the low point of the season. Prices during the next few months will be influenced by pasture conditions. Although pastures were somewhat poorer on June 1 than a year ago it is not likely that they will deteriorate as they did last year. With more cows on farms, prospects are for heavy production and with storage operators following a conservative policy in accumulating stocks, there is lettle prospect for a marked rise in prices during the summer months unless pastures conditions become so poor as to greatly curtail production.

The price of 92 score butter at New York during May of 23.7 cents was 2.4 cents less than in April and about 11 cents less than a year ago. Butter prices declined sharply during the latter half of April and the first part of May and reached a new low of 22.5 cents on May 11. Following this decline there was a slight recovery and for the three weeks ended June 6 the price averaged 23.5 cents. The farm price of butterfat on May 15 of 21.2 cents was 5.2 cents less than on April 15, 15.3 cents less than a year earlier and 24 cents less than two years ago.

Production of creamery butter during the first four months of 1931 was 6.9 per cent larger than in the same months of 1930. The increase in April was also 6.9 per cent. May production, however, will probably not exceed last year by as large a percentage, as weekly reports of butter production during May indicated that in some regions production was less than during last May. Milk production per cow (in herds of crop correspondents) on June 1 of 17.6 pounds, was 3 per cent less than on June 1, 1930, while production on May 1 was only ½ of one per cent less. Dairy pasture conditions on June 1 were 77.9 per cent of normal the lowest for June since 1926, compared with a 10-year average of 84.7 and 80.4 last year. Pastures were poorest in the States from Michigan West and in California.

Retail prices of butter during the first four months of 1931 (as reported by the Bureau of Labor Statistics) were about 22 per cent less than a year earlier. The movement of butter into consumptive channels during the same period was only 2.4 per cent larger than a year earlier, and the April movement was less than 1 per cent larger. Even with the marked reduction in retail prices the movement of butter into consumptive channels has not been greatly stimulated and has not increased as much as creamery butter production during the first four months of 1931.

Cold storage holdings of creamery butter on June 1 of 35.3 million pounds were only about 70 per cent as large as a year ago but 17 per cent larger than the 5-year average. The net-into-storage movement during May amounted to about 18 million pounds, some 34 per cent less than last year and 5.5 per cent less than the 5-year average. This would seem to indicate that storage operators are following a conservative policy in accumulating storage stocks. In view of the price declines that occurred during the last

two years following the into-storage season and the general depression in business this policy is likely to be continued.

CHEESE

During the last half of May and early June cheese prices recovered somewhat from the low point reached during the first of May, largely as a result of the low production as compared with a year ago. Prices during the next few months will be affected by pasture conditions. But with storage operators following a conservative policy, no marked rise in prices is to be expected during the next few months, especially if pasture conditions should improve.

During May the average price of twins on the Wisconsin Cheese Exchange was 10.4 cents, 1.7 cents less than a month earlier, and the lowest price since May 1906. The low point of 10 cents per pound occurred on May 8 but by June 6 the price had advanced to $10\frac{3}{4}$ cents.

Cheese production during April was only 2.8 per cent less than last year, while production for the first four months of 1931 was 5.3 per cent less. During the first few months of 1931 production was exceptionally small. May production will probably be considerably smaller than last year since receipts at Wisconsin warehouses during May were 12 per cent less than a year ago as compared with only 3 per cent less in April.

Pastures in Wisconsin on June 1 were the poorest as of June 1 since 1907. The condition was reported as 69 per cent of normal as compared with 83 last year and a 10-year average of 84. Poor pastures and low prices have probably both been factors in causing the decrease in production as compared with last year. Unless there is an unusual improvement in pastures, June production may be less than last year as the condition of pasture in Wisconsin during June 1930 was about normal.

Even though retail prices (as reported by the Bureau of Labor Statistics) during the first four months of 1931 were about 16 per cent less than a year ago, trade output of cheese during the first four months of 1931 was 5.8 less.

Cold storage holdings of American cheese on June 1 of 42.5 million pounds were 14 per cent less than last year but 2 per cent larger than the 5-year average. The net-into-storage movement during May of 2.4 million pounds was only one-quarter as great as a year ago and about one-half as great as the 5-year average. The small into-storage movement during May was probably due in part to the low production as compared with a year ago, and in part to a conservative policy followed by storage operators in accumulating stocks.

EGGS

The price of eggs declined slightly during May under the influence of heavy receipts in the early part of the month. Present indications point to lighter receipts during the summer and fall than a year ago which, with present light storage stocks should result in a material rise in prices. Any improvement in consumptive demand would accentuate this tendency.

The price of fresh extras at New York during May averaged 20.0 cents as compared to 25.7 cents a year ago. Fresh firsts averaged 18.0 and 18.9 cents, respectively, for regular and storage packed, approximately 5.7 cents below last year's prices. The decline since April in each of these grades was about a cent. The farm price of eggs dropped from 16.2 cents on April 15 to 13.3 cents on May 15 and was 6.7 cents below the May 1930 price. The usual course of egg prices is a gradual rise in the summer terminating in a more rapid advance in the fall and early winter.

Receipts of eggs at the four markets during May, while heavy early in the month, were the lightest since 1925, being 2,163,000 cases, as compared to 2,293,000 cases a year ago. While receipts since January 1 are about the same as for the same period in 1930, due to heavy marketings in January and February, they are about 5 per cent or 320,000 cases less than a year ago for the period March, April and May. With fewer layers reported in the farm flocks and with reduced commercial hatchings this reduction in production is likely to continue.

Cold storage holdings of case eggs on June 1 were 7,881,000 cases as compared to 9,178,000 cases a year ago and a 5-year average of 8,050,000 cases. The net into-storage movement for the month this year was 2,707,000 cases as compared to 3,412,000 cases in May 1930, indicating some improvement in consumption. Since storage holdings on June 1 were 1,297,000 cases less than for June 1, 1930, as compared to a difference of 592,000 cases on May 1, and since receipts are likely to continue below last year it does not seem probable that storage stocks will be excessive when the peak is reached in August. Last year it was the exceptionally large supply of storage eggs that prevented the fall and winter market from developing its usual strength.

POULTRY

The seasonal decline in the farm price of chickens began in May, with receipts probably being at the seasonal low point of the year. With relatively small numbers of chickens reported on farms, fewer hatchings than a year ago, and low storage stocks the price decline is likely to be halted by any material improvement in consumer demand.

The farm price of chickens on May 15 was 15.9 cents, a drop of .8 cent since April 15. As compared with last year there has been some improvement, the May 15 price being but 4.1 cents below May 1930 while March and April prices were 4.5 and 4.4 cents, respectively, below the corresponding months of 1930. The usual course of chicken prices through the remainder of the year is downward.

Receipts of dressed poultry at the four markets during May were 17.0 million pounds, about the same as the month before but the lowest May figure in five years, and 4.6 million pounds below a year ago. The number of hens and pullets on farms are reported to be about 5 per cent fewer than last year. Commercial hatchings this spring have been much below those of 1930 and the number of young chicks on farms May 1 were reported to be 20 per cent less than at the same time last year. It does not seem likely, therefore, that receipts will be as heavy as last year during the seasonal increase now beginning.

Cold storage stocks of frozen poultry on June 1 are the lowest since 1920, being 35.3 million pounds as compared to 61.2 million pounds a year ago. While the net reduction in stocks since May 1 of 10.6 million pounds is smaller than in 1930, 16.2 million pounds, the percentage reduction is greater, 23 per cent as compared to 21 per cent in 1930. With these low stocks any improvement in consumptive demand would tend to check the decline in price caused by moderate seasonal increase in receipts.

LAMBS

Lamb prices were fairly steady during the first half of May at the level prevailing during April, but weakened during the last half of the month. This weakness continued into June with a sharp break at the end of the first week and further declines during the second week of that month. During this period of decline the movement of prices at different markets showed quite unusual fluctuations, due in part to the wide variety in the character of the supplies as among these markets, and to the unusually large movements both between markets and direct to slaughterers.

At the end of May the weekly average of good and choice shorn fed yearling lambs at Chicago was about $8.30 compared to $10.12 for the same date in 1930; of good and choice spring lambs it was $9.75 compared to $12.55 a year earlier. The May average for good and choice fed lambs was $8.84 compared with $9.35 for April and $9.82 for May 1930. This May average was the lowest for the month since 1914.

As a result of the heavy marketings of Texas sheep in May the price of fat ewes declined sharply during the month. At the end of May the top on fat ewes at Chicago was about $3.00 and at the Missouri River markets about $2.50 with the bulk of the ewes selling at $2.00. Aged fat wethers at Kansas City were selling from $2.25 to $3.00 and at Ft. Worth from $2.00 to $2.50. These prices on ewes and wethers are probably the lowest for the season of the year that have prevailed during the present century and are about as low as reached during the depression years of 1894 and 1896 when they were the lowest shown by records of the Chicago market since 1878.

Supplies of sheep and lambs during May continued large. Receipts at 7 leading markets were 10 per cent larger than in May 1930 and inspected slaughter was 5 per cent larger and the largest for May on record. The increase this year over last was due to the heavy supplies of Texas sheep, the slaughter of lambs in May this year being smaller than in May, 1930. Supplies of both fed lambs and spring lambs at middle western markets were smaller this year than last, the decrease in the latter being due to the smaller receipts of California and Arizona lambs. The movement of southeastern

spring lambs to eastern markets was larger in May this year than last.

Continued liberal supplies of lambs during June and July are in prospect, although the sharp drop in prices early in June may tend to delay somewhat shipments from Idaho and Washington. In addition to supplies from areas that usually market during these months there is likely to be a heavy movement of spring lambs from Texas. The exceptional feed situation in that State has resulted in an early development of this year's lambs, many of which are in slaughter condition, whereas in most years they only develop into feeding lambs.

WOOL

Wool prices in domestic markets declined moderately during May and the early part of June. Receipts at Boston since the first of the year have been materially larger than a year ago, while imports have been only a little over half as large as last year. Consumption has increased steadily since the beginning of the year and in April was the largest since October 1929. Consumption of domestic wool has been especially large exceeding the 5-year average for the four months period by 13.4 per cent. Activity in foreign countries, on the other hand, has continued at low levels, with sales small in spite of frequent price reductions.

The Boston wool market was quiet throughout May and the early part of June. Prices of wool the first week of June were lower than those of a month earlier on all lines except low quarter blood and common and braid. Ohio and similar grease wools were quoted generally at 1 cent a pound below the early May prices while declines in Fleece and Territory wools ranged from 1 to 4 cents a pound on a scoured basis. For the week ended June 6, fine strictly combing Territory wool scoured basis was 61.5 cents per pound compared with 63.5 cents per pound on May 2. Territory wool 3/8 blood (56s) scoured basis, was 46.5 cents per pound on June 6 compared with 49.5 cents on May 2. The farm price of wool on May 15, 1931 was 14.4 cents per pound compared with 15.6 cents per pound on April 15 and 19.6 cents per pound on May 15, 1930.

There is little activity in foreign wool markets at the present time. The London sales are now closed until July 7 and sales in Southern Hemisphere centers are chiefly of a clearing-up nature as the regular selling season has ended. Depression continues in the Bradford wool industry. Home consumption is below normal and exports of woolen and worsted tissues from the United Kingdom during the first four months of the present year were smaller than for any similar period during the post-war years. Under these circumstances manufacturers of tops and yarn have found it impossible to maintain prices and frequent reductions have been reported during the past two months.

Receipts of domestic wool at Boston are increasing as the new marketing season advances and are above those of last year. Receipts for May 1931 were 26.6 million pounds compared with 11.3 million pounds received in April and 18.9 million pounds received in May 1930. Total receipts of domestic wool at Boston from January 1 to May 30 of the present year were approximately 56 million pounds compared with 45 million pounds received during the same period of 1930. This was an increase of 24 per cent. With larger supplies of domestic wool available and consumption lower in the past year, the domestic demand for foreign wool has been reduced. The result has been that domestic prices have followed foreign prices downward gradually and the margin of domestic over foreign prices has kept below a point that would attract large imports. Imports of combing and clothing wool for the first four months of 1931 were only 23,495,000 pounds compared with 40,469,000 pounds imported during the same period of 1930 or a decrease of 42 per cent and were 63 per cent below the imports for the first four months of 1929 which amounted to 63,394,000 pounds. The normal period of heavy importation is now past and with a large domestic clip coming on the market it does not seem probable that imports will show much increase during the remainder of the year unless United States prices advance considerably without a similar advance in foreign prices.

An important feature of the United States wool situation in recent months has been the large increase in the consumption of domestic wool by United States manufacturers. Consumption of domestic wool for the first four months of 1931 by manufacturers representing about 80 per cent of the industry showed an increase of 13.6 million pounds or 18.2 per cent over that of the same period of 1930 and was 13.4 per cent above the average for that period for the years 1926-1930. This increase in consumption of domestic wool over last year more than offsets the decline of 9.9 million pounds in the consumption of foreign wool and reported consumption of all wools for the first four months of 1931 was 3.7 million pounds or 2.7 per cent greater than that reported for the same months of 1930. Consumption increased steadily during the first four months of 1931 and in April it was the largest since October 1929. The reported total for January 1 - April 30, 1931 was 141,195,000 pounds compared with 137,468,000 pounds in 1930 but was 8.8 per cent below the average of 154,741,000 pounds for the five years 1926-1930. Consumption of domestic wool reported from January 1 - April 30, 1931 was 88,292,000 pounds compared with 74,651,000 pounds consumed during the first four months of 1930 and an average of 77,844,000 pounds for this period in the years 1926-1930.

Prospects for the 1931 clip in Northern Hemisphere countries remain unchanged and production in these countries is expected to be slightly larger than that of last year. Seasonal conditions in the Southern Hemisphere have recently shown some improvement, especially in Australia and the Union of South Africa. Shipments from Southern Hemisphere countries during the present season have been much heavier than those of last season and carry-over at the end of the present export season is expected to be about normal except in New Zealand where stocks are still large.

COTTON

During the first week of June cotton prices declined to the lowest point since 1915, when the average at the 10 spot markets was below 8 cents per pound. By the last part of the second week, however, the price had recovered to slightly over 8 cents per pound. Domestic consumption of cotton during May nearly equalled that of May last year, but was lower than in April. The cotton textile business in foreign countries has been quiet, resulting in further curtailment of production on the Continent and in England. In Japan conditions have been more favorable and restrictions on yarn production have been reduced so that some increase in mill activity is likely. The apparent supply of American cotton in the United States on June 1 was approximately 2.2 million bales larger than on June 1, 1930.

After a temporary halt in the downward movement of cotton prices the first part of May, the decline in prices was resumed and continued until on June 9, the average of the 10 markets for middling 7/8 inch was 7.62 cents. This was the lowest average price since before August, 1915 when the first average of daily prices at the 10 markets was compiled. On June 9 the average price was 0.96 cents lower than on December 15 when the previous low point of the season was reached and was 2.94 cents lower than on March 4 when the average of the 10 markets was 10.56 cents. The average price received by farmers on May 15 was 8.8 cents, which was 0.5 cents below the price received on April 15; 5.7 cents below the price received on May 15 last year; and only 0.2 cents above the price received on January 15 which was the lowest since on August 15, 1915.

The sales of commercial fertilizer, as measured by tag sales, in the nine important producing cotton States were 3,109,000 tons. This is a decrease of 30 per cent from the sales during the same period last year and the smallest since 1921. As most of the fertilizer sales occur before the end of May this is a pretty good indication of the decrease in the use of fertilizer this year.

The apparent supply of American cotton in the United States on June 1 was about 7.8 million bales compared with 5.6 million last year and 3.7 million two years ago. European port stocks of American cotton on June 5 were 340,000 bales larger than last year, according to the Commercial and Financial Chronicle.

The visible supply of foreign cotton was estimated to be 2,414,000 bales, a decrease of 233,000 bales from that on the same date last year but 177,000 bales more than on June 4, 1929. The greatest decrease was in Bombay where stocks were 310,000 bales less than at the same date in 1930. The decrease in stocks at Bombay reflects lower receipts. Exports from India have been practically as large this season as last. Stocks at Alexandria, Egypt are large, on the other hand, and exports are low. Imports of Egyptian cotton into the United States have been less than one-tenth as large as they were last year.

Domestic consumption of raw cotton during May of 466,000 running bales was 43,000 bales below April and 8,000 bales below May 1930, according to the Bureau of the Census. Total consumption for the season to May 31 amounted to 4,365,000 bales compared with 5,322,000 bales during the same period last year and 5,974,000 bales two years ago.

Exports of cotton during May were the largest for any May since 1928 so that total exports for the season to date are almost equal to those of the same time last season. Exports for May amounted to 336,000 bales compared with 209,000 in May 1930, and for the ten months they were 6,241,000 bales against 6,329,000 a year ago.

Foreign textile conditions have shown little improvement during the past month. Sales of yarn and cloth in England are very limited and output still curtailed. Textile mills in France are curtailing output and spinners are finding sales difficult. Stocks of cloth and yarn are increasing in Italy which points to a possible reduction in activity and Germany continues to curtail output by agreement. Conditions in the Orient are more favorable with some increase in mill activity in prospect.

- - - 0 - - -

Business Statistics Relating to Domestic Demand

Year and mo.	Industrial Production 1/ (1) 1923-1925 =100	Industrial Production 1/ (2) Trend = 100	Industrial Production 1/ (3) June 1929 =100	Factory payrolls 2/	Factory employment 2/	Commodity Prices: At farms 3/	Commodity Prices: U.S. Wholesale 4/ 1910-1914 =100	Commodity Prices: U.S. Wholesale 4/ 1926 =100	Commodity Prices: Foreign 5/	Interest rates 6/	Industrial stock prices 7/
1929											
June	126	113	100	110	102	135	141	96	93	6.00	315
July	124	111	98	109	102	140	143	98	94	6.00	344
Aug.	123	110	97	110	102	143	143	98	93	6.03	361
Sept.	122	109	96	110	101	141	142	98	94	6.12	365
Oct.	118	105	93	106	100	140	141	96	93	6.09	321
Nov.	108	96	85	101	98	136	138	94	92	5.55	233
Dec.	101	90	79	98	95	135	138	94	91	5.00	247
1930											
Jan.	104	92	81	97	94	134	136	93	90	4.89	252
Feb.	107	94	83	95	93	131	134	92	88	4.65	268
Mar.	104	92	81	94	92	126	133	91	86	4.18	277
Apr.	107	94	83	95	92	127	132	91	86	3.88	288
May	104	91	80	93	91	124	130	89	84	3.69	269
June	100	88	77	91	89	123	127	87	84	3.54	239
July	95	83	73	85	86	111	123	84	83	3.16	232
Aug.	91	79	70	82	85	108	123	84	83	3.00	231
Sept.	91	79	70	83	84	111	123	84	81	3.00	232
Oct.	87	76	67	78	83	106	121	83	79	3.00	196
Nov.	85	74	65	74	81	103	117	80	79	2.90	182
Dec.	82	71	62	73	79	97	114	78	77	2.88	170
1931											
Jan.	83	72	63	70	78	94	112	77	76	2.80	168
Feb.	86	74	65	72	77	90	110	76	75	2.62	181
Mar.	88	76	67	72	78	91	109	74	75	2.55	182
Apr.	89	76	67	72	78	91	107	73	75	2.38	162
May						86					143

1/ Federal Reserve Board, 1923-1925=100. (1) adjusted for seasonal.
(2) adjusted for seasonal and trend.
(3) per cent of peak in June, 1929.

2/ Federal Reserve Board, 1923-1925 = 100, adjusted for seasonal.

3/ U.S.D.A., Aug., 1909-July, 1914 = 100.

4/ Bureau of Labor Statistics.

5/ Weighted average of indexes for eight foreign countries-United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands, 1926 = 100.

6/ Commercial paper at New York, adjusted for seasonal.

7/ Dow-Jones index.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release July 15, 1931

THE PRICE SITUATION, JULY 1931

FARM PRICES

The general average of farm prices declined more sharply between May 15 and June 15 than in the previous month. On June 15 the index of prices received by farmers averaged only 80 per cent of pre-war levels compared with 86 on May 15, 90 on April 15 and 123 per cent a year ago. Price recoveries which took place after June 15 in hogs and cotton, in some of the grains, and in butter and eggs, may offset further declines in wheat and fruits and vegetables and tend to keep the average of farm prices for July approximately at the June low level.

The decline in prices between May 15 and June 15 was largely a continuation of the declines which took place in the preceding month, for again every group in the farm price index averaged lower, with the exception of poultry products. Grains declined 7 points to 67 per cent of pre-war levels, cotton 9 points to 65, dairy products, 5 points to 86, meat animals 8 points to 91 and fruits and vegetables 5 points to 114. Chickens, butter, apples, and potatoes are practically the only important farm products, with average prices still above the pre-war average for June.

Since the middle of June mixed tendencies have characterized the movements of agricultural prices, some responding to current supply conditions, others to weather conditions and others to prospective supply indications. Wheat prices dropped abruptly to a new crop basis, corn averaged somewhat higher, oats advanced sharply during the first week of July, cotton advanced about a cent and a half per pound, butter advanced more than 2 cents per pound, eggs more than 2 cents per dozen. Lambs declined continuously during the month, cattle advanced during the first two weeks and declined thereafter, and hogs having advanced during the last part of June, declined during the first week of July.

Continued non-seasonal declines since April 1 brought farm wages down to the lowest level recorded in the past 15 years. On July 1, the Department's farm wage index was only 123 per cent of the pre-war level, as compared with 127 three months earlier, 160 a year ago, and an index of 112 back in 1916. These reductions were the result of a plentiful supply of workers and much lower demand for farm help.

GENERAL COMMODITY PRICE LEVEL

Wholesale commodity prices made a 2 point recovery during the month of June in contrast with the 4 point drop during May and no material change took place during the first week of July. On June 30 the Annalist weekly index of wholesale prices averaged 102.2 compared with 100.5 on June 2, 104.5 on May 5 and 125.2 a year ago. Of the eight groups included in the index

five shared in the price recoveries, these being farm products, feeds, textiles fuels and metals. Building material continued to decline and chemicals remained unchanged. Some of the gains during the last half of June were not maintained during the first half of July. As of June 30 prices of food, fuels, and building materials were still above pre-war levels while the others were at or below their pre-war averages.

The relation of agricultural to non-agricultural prices is similar to that which prevailed during the 1921 depression. In May of 1921 and 1922 prices of farm products, according to the Bureau of Labor Statistics index averaged 121 and 132 per cent of pre-war, respectively, while prices of commodities other than farm and food products averaged 156 and 151 respectively. In May of last year both farm products and non-agricultural averaged 130 per cent of pre-war prices but in May of this year farm products had declined to 94 while others declined to 108. In other words the level of wholesale prices of farm products is now about 87 per cent of the non-agricultural price level compared with 78 in May 1921 and 83 in May 1922.

As usual in a depression the prices of agricultural products have fallen faster and farther than the prices of non-agricultural products. Such disparities tend to disappear with a revival in business after a major depression. The disparity developing in such a business depression is due on the one hand to the fact that farm production is not easily or quickly adjusted to change in demand conditions, while on the other hand the output of many non-agricultural commodities is promptly curtailed or adjusted. Moreover, the unemployment resulting from curtailment of industrial production diminishes the purchasing power of consumers, which in turn curtails effective demand for farm products and other commodities. Furthermore the prices of practically all agricultural products are fully competitive and promptly reflect changes in demand conditions, whereas the prices of many non-agricultural products are more or less customary or depend largely upon factors other than raw material prices and consequently do not adjust promptly to change in business conditions. The sharp curtailment in demand taking place in a depression causes stocks of raw materials, the production of which cannot be promptly curtailed in line with manufacturing, to increase as well as the food products, for which the demand is elastic and depress prices. In agriculture more than in industry, overhead costs tend to encourage the continuation of production in face of declining prices and curtailed demand. The movement of non-employed city population back to the farm also tends to maintain agricultural production. These and other factors tend to make agricultural production in the aggregate relatively inflexible or stable during periods of major depressions when industrial production is greatly reduced. Shifts take place within the industry, but production on the whole is maintained. At the present moment this is exemplified by the fact that in spite of the various shifts in crop areas that growers have made in the past year the total acreage is about the same as 1930.

BUSINESS CONDITIONS

Industrial activity during June, according to incomplete data now available, was somewhat lower than during April and May with no material change in the condition of industrial consumer's money incomes.

According to the Federal Reserve Board, the index of industrial production which averaged 82 last December advanced 9 per cent to 90 in April and declined 1 point in May. It probably declined further in June inasmuch as more than seasonal recessions occurred in steel and automobile production. Other lines of production however, were maintained at their April and May levels. Toward the end of June the business situation was marked by relative stability on certain lines of activity as evidenced by electric power production and freight-car loadings, public works and utility construction, and by declining activity in the metal industries and in residential construction.

The outstanding event of the month, however, was the stimulus given to commodity and stock prices as a result of the Inter-Government debt moratorium proposed by the United States on June 20. These advances were world-wide and considerable, particularly in stocks, and reflected a change in business sentiment. Among the agricultural commodities, cotton and hides showed the greatest response. Recently there have been some recessions in stocks and commodity prices probably due in part to the acute financial condition in Germany but there is still a noticeable net improvement at the present moment compared with prices that prevailed a month ago. These recent events indicate the importance of international conditions in the domestic business situation and the uncertainties in the prospective demand for farm products here and abroad.

WHEAT

Cash wheat prices at United States markets declined sharply during June and early July. Early in July there was also a marked decline in prices of futures. At Liverpool and Winnipeg there was also a decline in the price of both cash and futures during early July, after prices had remained fairly steady at these markets during June except for a temporary decline about the middle of the month. The decline in cash wheat prices at Kansas City as compared with Liverpool has been sufficient to indicate that hard winter wheat of the United States is now about on an export basis. Hence, it is not to be expected that Kansas City prices will decline much more, relative to Liverpool. In the spring wheat markets of the United States, however, there has been much less of a decline in prices, and some further readjustment may take place after the beginning of the spring wheat harvest. However, prices of high quality spring bread wheats in the United States east of the Rocky Mountains are not expected to be on an export basis during the coming season.

The June 15 farm price for the United States was 51.9 cents per bushel which was 8 cents lower than that of a month previous. The average price of car-lot sales of all classes and grades at 6 principal markets was 66.8 cents in June compared with 75.5 cents in May. Most of the decline in price at the principal markets took place during the latter part of June, hence farm prices at the end of the month presumably averaged considerably lower than on June 15. At Kansas City, No. 2 Hard Winter wheat averaged 72.5 cents per bushel during the week ended June 5. It was about 2 cents per bushel lower during the second week of June, and then rose to an average

of 73.9 cents for the week ended June 19. There followed a sharp decline which brought the average for the two following weeks to 60.3 and 49.3 cents per bushel respectively. By July 10, ordinary protein hard winter wheat at Kansas City, grading No. 2, was selling from $43\frac{1}{2}$ to $43\frac{3}{4}$ cents per bushel.

The decline in the average premium paid for No. 2 Hard Winter over the price of July futures at Kansas City has been from an average of 20.2 cents during the first two weeks of June to .6 cents during the first two weeks of July. While a decline of as much as 5 to 10 cents in the cash premium during the period is frequently incident to the passage from the old to the new crop year, this year's decline of 19.6 cents is unusually large, comparing with an average for the past five years of 7.1 cents. The only recent year when there was a comparably large decline in the price of cash wheat relative to the July future was in 1926 (following the short crop of 1925) when the decline amounted to 21.1 cents per bushel.

Similar declines occurred in the price of red winter wheat, No. 2 Red Winter at St. Louis, which averaged 82.0 cents per bushel during the week ended June 19, declined to 73.5 cents for the following week and 57.4 cents per bushel for the week ended July 3, and was quoted at from 50 to 51 cents per bushel on the 10th. Spring wheats at Minneapolis, while they declined markedly, did not decline as much as the winter wheats. No. 1 Dark Northern Spring, which averaged 79.8 cents during the week ended June 19, stood at 70.7 cents for the following week, and 72.3 cents for the week ended July 3, while No. 2 Amber Durum averaged 64.8 cents during the week ended June 19, and 62.6 and 59.5 cents respectively for each of the two following weeks.

Although the outturn of the crop in some countries cannot yet be ascertained or foretold, present prospects indicate a reduction in the 1931 world wheat crop as compared with that of 1930. In the United States, the total crop is now estimated at 869 million bushels or 6 million bushels larger than the revised figure for last year, but with a much smaller production in Canada in prospect, the total North American crop is likely to be smaller by fully 150 million bushels. In Europe, larger crops are expected in importing countries but smaller crops in the exporting countries. Much smaller acreages in Argentina and Australia continue to be in prospect and with average yields, the combined crops of these countries is likely to be nearly 100 million bushels smaller than last year. Altogether it now seems probable that world production (including Russia) for the 1931-32 season may be in the vicinity of 250 to 300 million bushels smaller than last year. Such a crop would total about 4,600 million to 4,650 million bushels compared with 4,796 million in 1928, 4,254 million in 1929 and 4,907 million bushels in 1930.

European wheat production may be a little larger than in the past season but smaller than the record production in 1929. Apparently, Germany, France, and Italy are harvesting larger crops but the increases in these countries are being offset to some extent by smaller crops in the Danube Basin. Estimates and forecasts of production in 8 European countries producing 79 per cent of the European crop outside of Russia amount to 1,125 million bushels, an increase of 4 per cent over the 1930 production.

A tendency to shift from rye to wheat is likely to result in a European rye crop considerably smaller than a year ago. In Germany where the area under wheat has been increased 933,000 acres, the rye area has been reduced 867,000 acres. Poland, Czechoslovakia and France have also reduced

rye seedings. Official crop reports indicate that the yields of rye may be less than a year ago.

Russia has sown a larger wheat area but is not likely to harvest a crop quite as large as that of 1930 when yields were much above average. Spring wheat seedings in Russia up to June 25 are reported to be 63.0 million acres, compared with 58.9 million to the same date a year ago. The area under winter wheat has been reported to be 31.1 million acres, about 6 million in excess of a year ago. The condition of the winter crop on the whole is reported as about average. The present outlook for the spring crop is not promising. The conditions of the spring crop are reported to be variable, ranging from below to about average. Estimates of Russian rye acreage are not available but reports generally indicate that the area seeded to this crop has probably not been increased. It seems likely therefore that the Russian wheat and rye crops for 1931 will be somewhat less than those harvested in 1930.

The smaller world production will be partly offset by larger stocks. Stocks are larger in the principal non-European exporting countries, but are generally smaller in the importing countries than they were last year. Accounted for stocks in the principal non-European exporting countries plus United Kingdom port stocks and wheat afloat amount to about 100 million bushels more than last year. The reduction in stocks in Continental Europe may be about equal to the increase in the carry-over in Russia.

In recent years when winter wheat exports from the United States were heavy, the price of No. 2 Hard Winter at Kansas City has usually been in the vicinity of 20 cents per bushel lower than the average price of parcels imported into the United Kingdom. Thus, it would appear that winter wheat in southwestern United States is now selling at prices about low enough in comparison with Liverpool prices for it to be exported freely. However, the spread between Chicago futures and Liverpool futures continues to be smaller than is ordinarily associated with a heavy export movement. On July 10 Chicago September futures closed at 54 cents per bushel, compared with 61-3/8 cents for the Liverpool October futures, a spread of 7-3/8 cents, whereas the usual spread between Chicago September and Liverpool October futures during times of a heavy export movement is from 15 to 25 cents per bushel. This suggests that some further readjustment between wheat prices in the United States and in foreign markets is necessary before a heavy export movement develops, unless such movement is confined to wheat originating in the Southwest Great Plains area. Such adjustment may take place either by an increase in Liverpool prices or by further declines in prices in this country, or by both.

With a very large production of winter wheat and with a short crop of spring wheat, it is to be expected that spring bread wheat prices east of the Rocky Mountains will be markedly higher than those of winter wheat. However, much of the winter wheat of this year's crop is of very high quality so that it can readily be substituted for high quality spring wheats, and this will tend to keep spring wheat prices from commanding as great a premium as they might otherwise. There is an unusually wide range in the protein content of the new winter wheat crop. The demand for high protein winter wheat has recently resulted in high premiums being paid for high protein wheat. On July 11, 13 per cent protein wheat was selling for 8.75 cents per bushel higher than 11.40 per cent protein. The high premiums are presumably due partly to indications that the winter wheat crop will average low in protein content and that the new spring crop will be short. In part, however, they appear to be due to the high prices at which old crop spring wheat is being held.

CORN

Cash corn prices showed little change during June. The United States average farm price as of June 15 was a little lower than a month earlier, but the average price of all corn sold at the five principal terminal markets was a little higher in June than in May. Stocks and the rate of consumption continue at low levels. A fairly large new crop is suggested by July 1 condition reports which indicate about an average yield for the United States as a whole on an increased acreage. With supplies for the new season promising to be much more plentiful than those of the current season, it is to be expected that prices will be considerably lower as the new crop begins to come to market in the fall. Prior to that time, however, corn prices promise to continue high relative to other grains.

The United States average farm price as of June 15 was 53.8 cents per bushel compared with 56.3 cents a month previous. At the principal terminal markets, however, prices averaged higher, the weighted average price of all classes and grades at 5 markets for June being 55.3 cents against 54.4 cents in May. The trend of prices during June was upward. No. 3 Yellow at Chicago averaged 55.3 cents during the week ended June 5 and was higher for each of the four following weeks, averaging 60.5 cents per bushel for the week ended July 3. There was a decline during the second week of July, however, and on July 10, No. 3 Yellow at Chicago was quoted at about 57 cents per bushel.

Commercial stocks as of July 4 amounted to 8.2 million bushels compared with 6.2 million last year and an average of 18.5 million for the corresponding date of the past four years. Receipts at principal markets also continue small, though June receipts showed the usual seasonal increase and amounted to 13.8 million bushels compared with 10.8 million in May. Last year June receipts were 17.6 million bushels and the average for the past five years is 21.6 million. Total receipts from November to June for the 14 markets have amounted to 146.0 million bushels during the current season compared with 188.2 million last season and an average for the past five years of 195.8 million bushels.

Industrial utilization, as indicated by wet process grindings, continues at a relatively low level. Reported grindings in June amounted to 5.7 million bushels against 6.1 million last year and a 5-year average of 6.7 million bushels. For the season to date (November to June) wet process grindings were 44.5 million bushels compared with 52.1 million last year and an average for the past five years of 55.8 million. Total commercial disappearance at 14 primary markets during the first thirty-five weeks of the current season has amounted to 47.7 million bushels compared with 63.6 million during the corresponding period of last season and a 5-year average of 72.3 million bushels.

The official July 1 forecast of production is for a crop of 2,968 million bushels compared with last year's short crop of 2,094 million bushels and a 10-year average of 2,723 million bushels. Yields for the United States as a whole almost exactly equal to the 10-year average are indicated. Weather conditions during the remainder of the season will, of course, be of importance in affecting yields, but a crop such as that indicated by July 1 conditions would provide supplies for the 1931-32 season much more ample than those which have been available for 1930-31. The short supplies of the past season, while they have not resulted in prices which are high relative to those of recent years,

have resulted in corn prices being high compared with wheat and other grains. It is to be expected that prices will be lower when the shortage of this season's corn supply is relieved by the new crop becoming available. Prior to that time, however, corn prices may be expected to continue to be high relative to other grains. In some regions where local shortages of all feed grains have resulted in high corn prices the new crops of oats and barley will tend to lower corn prices. The shortage of market supplies of corn available for the remainder of the current season seems likely to keep prices for the next two months in the Corn Belt at about the levels which have prevailed during the past month. However, the market is sensitive to the volume of receipts and to speculative influences because of the very small stocks now available, and extreme fluctuations may occur. The maintenance of any marked advance cannot be counted on.

POTATOES

The average of potato prices received by producers throughout the country declined 12 cents per bushel to 75 cents on June 15 as potato markets adjusted themselves to the larger supplies of the new crop.

While prices for all States declined 13 per cent between May 15 and June 15 much greater declines occurred in the southern States due to increases in early crop shipments. New crop shipments during June amounted to 26.0 thousand cars compared with 14.4 for May, while last year June shipments were 22.6 thousand cars compared with 14.1 in May. Old crop shipments declined from 9.5 thousand cars in May to 1.1 in June, which was greater than the decline last year from 8.6 to 2.3 for the corresponding months. The relatively light supply of old stock brought somewhat higher prices at Chicago during the middle of June than during May. Prices of new crop potatoes at Chicago averaged $1.58 per 100 pounds during the first week of June, $1.72 during the second week, $1.[illegible]8 during the last week of June and somewhat higher during the first week of July. Greater price declines took place at New York where prices of Virginia potatoes declined from $1.75 per 100 pounds during the middle of June to $1.20 on July 3 and then recovered to $1.60 on July 8.

The first estimate of the total 1931 potato crop of 396 million bushels based on July 1 conditions, shows an increase of 53 million bushels over last years small crop, and is 15 million bushels greater than the average for 1925-1929. Considerable changes may take place in growing conditions to alter this supply prospect. Last year the final estimate was much below July indications, though in most years following small crops the final estimated have been greater than the July indications. A crop of about this size in 1927 brought an average farm price in November of 95 cents per bushel which in terms of the present lower level of prices in general is equivalent to about 65 cents (compared with 75 cents as of June 15).

RICE

Rice prices in the Southern Belt as well as in California held steady during the month ending July 15. The present price level is expected to obtain until the new crop from the Southern Belt begins to move, which will probably be during the latter part of August.

Stocks of old crop rice in farmers' hands are estimated to be very low. Stocks of rough and milled rice in millers' hands on July 1 were equivalent to about 1,055,000 pockets(100 pounds) of milled rice. Mill stocks on July 1,1930 amounted to 730,000 pockets. It is probable that the carry-over at the end of the 1930-31 crop year will be slightly larger than last year but not so large as the average of the last five years. Sales from mills during June amounted to 608,000 pockets, about the same as for May, but considerably above June of last year. Sales for the first eleven months of the crop year totaled 9,676,000 pockets compared with 9,384,000 pockets for the corresponding period in 1929-30.

Reported conditions as of July 1 indicate a crop in the Southern Belt of 33,461,000 bushels compared with 34,051,000 bushels in 1930. Practically all of the decline is in Louisiana. Acreage in the Southern Belt is reported to be 833,000 acres, a decline of 16,000 acres from that harvested in 1930. California acreage is reported to be 125,000 acres compared with 110,000 in 1930. Production in California, however, is estimated to be about the same as the 7,271,000 bushels produced last year.

HOGS

The prolonged decline in hog prices that began in early April was terminated the first week in June with the establishment of a new post-war low at Chicago. The rise that followed during the next three weeks has not been entirely maintained but it appears likely that the summer slaughter supply will be small enough to result in some further seasonal price advance. However, weak demand conditions in this country and abroad, low prices for competing meats, and relatively large storage stocks of pork will tend to limit this advance even if farmers do keep back as many sows for fall farrowing as was indicated by their intentions in the June 1 pig survey. Should the intended increase in fall farrowings materialize, receipts of hogs next spring will be relatively heavy.

With relatively small receipts as a strengthening factor, the weekly average of hog prices at Chicago rose from a post-war low of $5.94 during the week ended June 6 to $6.68 during the week ended June 27. This rise was not maintained, however, even though receipts continued small. The average dropped to $6.17 for the week ended July 4 and then advanced to $6.39 in the week which followed. The June average was $6.36 as compared with $6.53 in May and $9.52 in June 1930. This was the lowest June average since 1911 and the lowest average for any month since February 1912.

After being reduced to relatively small proportions in early June, the price spread between the different weights of butcher hogs widened materially during the month, and for the week ended July 4, hogs weighing 200-220 pounds sold for $1.25 per 100 pounds more than hogs weighing 290-350 pounds. Packing sows were discounted even more, and medium and good grades weighing over 275 pounds sold for $2.45 less than lightweight butcher hogs as compared with a discount of only $1.24 in the corresponding week last year.

Fresh pork prices at New York dropped sharply during the second week in June at which time a new low for the year was made on fresh hams, and 8-10 pounds loins sold for the lowest prices since early March. During the next two weeks, a material recovery was made on most cuts but the relatively large supplies and the warm weather had a detrimental effect on heavy loins especially, and they sold at greatly reduced prices during the first week in July. Wholesale price for most cuts of cured pork have shown relatively little change from the levels prevailing at the end of April. Fresh pork prices and live hog prices

often make material changes without any charge being reflected in wholesale prices of cured products. This was the case in May and June when cured pork prices remained steady while both live hog and fresh pork prices fluctuated considerably.

Federally inspected hog slaughter during June, amounting to 3,251,000 head, was 157,000 head, or 4.6 per cent smaller than in May and 418,000 head or 11.9 per cent smaller than in June, 1930 in spite of the fact that there was one more slaughter day than in June last year. This was the smallest June slaughter since 1918. The reduction of 832,000 head in Federally inspected hog slaughter during May and June brought the total reduction for the first eight months of the hog marketing year which began last October to 1,521,000 head, and makes the total slaughter about 4.1 per cent less than that of the corresponding period of the previous crop year and about 3,800,000 head less than were slaughtered in the eight months beginning with October 1928. The average dressed weight since October has been heavier than it was last year, however, so the reduction in tonnage of meat produced has been only 2.5 per cent. Market supplies so far in July have been relatively light and it is expected that slaughter during the remainder of the current marketing year which ends with September will continue somewhat smaller than in the corresponding period last year since the June 1 pig survey indicated that the number of hogs on farms six months old or over was the smallest in nine years and farmers expressed intentions of holding back more brood sows than were bred for fall farrowing in 1930.

As yet there are no indications of any material improvement in the weak foreign demand for American hog products during the coming fall and winter. According to the June 1 hog census in Germany the total number of swine of all ages in that country was somewhat smaller than on September 1, 1930 but it was about 14 per cent larger than a year earlier and brood sows had increased 25 per cent to reach the largest total on record. Lard exports from the United States during May were reduced by more than a third and pork shipments to foreign ports were only half as large as in May, 1930, so the ratio of hog exports to the total dressed weight of hogs slaughtered under Federal inspection was only 9.2 as compared with 14.1 last May and 13.9 for the 5-year May average. Loadings from the principal ports of the United States during June were somewhat larger than in May, however.

Although storage stocks of pork were reduced during June, in a month when they often increase, the total is still large enough to exert a depressing influence on the live hog market. Retail prices for hog products declined in June but with high temperatures and decreased purchasing power consumers apparently took smaller quantities of pork than they did in June last year. This makes the third consecutive month in which the apparent consumption of pork was less than during the corresponding months of 1930. Disappearance of pork and lard into consumptive channels during May was 2.8 per cent smaller than in May last year. Stocks of pork on July 1, amounting to 776 million pounds were 6 per cent smaller than those of June 1, but they were 14 per cent larger than those of July 1, 1930 and not greatly different from the 5-year July 1 average. The heavy movement of lard into consumptive channels that characterized the lard situation during May slowed up somewhat in June and lard stocks increased 13 million pounds or 12 per cent during the month, but the total of 116 million pounds on July 1 was still 4 per cent smaller than on July 1 last year and 28 per cent smaller than the 5-year July 1 average.

The June pig survey indicates that a marked increase in hog production is under way in the United States. It showed that 2.5 per cent more pigs were saved from the spring pig crop this year than were saved in the spring of 1930. The indicated increase in the Corn Belt States was 3.7 per cent. If the survey this year indicates the change in the market supply of spring pigs from the Corn Belt States about as it has for the past four years, the market supply from the 1931 spring pig crop in those States will be about 1,750,000 head, or 7 per cent, larger than that from the 1930 spring crop. The report showed an intended increase of 37 per cent in the number of sows bred or to be bred for fall farrowing but if the same relationships hold this year that have prevailed during the last four years, the actual fall farrowings that will be reported next December will show an increase of about 21 per cent in the Corn Belt and 18 per cent for the United States. If such increases do materialize they will be the largest since 1922 and will mean an increase that will be the equivalent of about 6 per cent of the total yearly slaughter.

CATTLE

Cattle prices advanced during the first half of June and regained most of the ground lost in the severe decline during the last half of May. This advance was brought about to a considerable extent by a sharp curtailment in supplies during these two weeks. Following this advance supplies increased markedly and prices again started to decline. During the last week of June unseasonally high temperatures tended to reduce the consumer demand for beef, as well as for all other meats, and this further weakened the market for cattle. Beef cattle prices, however, did not reach the low levels of late May and during the first week of July reduced supplies and more normal summer weather started the price movement again upward.

The average price of beef steers at Chicago during June was $7.43, compared to $7.30 in May and $10.59 in June 1930. However, the average price of each grade was a little lower in June than in May, the larger proportion of the better grades in June resulting in a higher general average. The June average this year was the lowest for the month since 1911. The decline in beef steer prices during the latter part of June was accompanied by a sharp drop in the prices of stocker and feeder cattle. The average weekly cost of stocker and feeder steers at Chicago declined from $6.04 the first week in June to $4.80 the first week in July, which carried the prices of such cattle to the lowest levels reached for nearly twenty years. While a part of this decline was seasonal, to a considerable extent it reflected widespread lack of confidence in future cattle prices, generally poor pastures over most of the important cattle States of the Middle West, and poor range conditions and feed prospects in a number of Western States.

The lower grades of butcher cattle mostly off of grass declined seasonally during June while the better grades which were grain finished followed the course of beef steer prices. Veal calf prices during June declined sharply and at the end of the month the top on choice veals at Chicago at $6.50 was the lowest reached since 1908 and near the lowest level reached during the present century.

Total supplies of cattle during June were below average, although there were wide fluctuations in the weekly distribution. Receipts at 7 markets and inspected slaughter were 2 per cent larger than in June 1930, but were 4 per cent and 8 per cent respectively below the 5-year June average. The supply

of beef steers at Chicago was about 4 per cent larger than in June 1930, but the proportion of good and choice steers was much larger this June than last, when it was very small. The actual number of good and choice steers was a little above the June average for the preceding nine years. The inspected slaughter of calves was 17 per cent larger in June this year than last and 4 per cent above the 5-year June average. Stocker and feeder cattle shipments into the Corn Belt States in June were the smallest for the month in at least thirteen years.

Total inspected slaughter of cattle for the first six months of 1931 was 3,906,000 head, about 1 per cent larger than for the first six months of 1930; calf slaughter at 2,460,000 was about 6 per cent larger. If cattle slaughter during the first six months of this year is the average proportion of the yearly slaughter, this yearly total will be around 9 million head or about 10 per cent larger than for 1930. Practically all of the increase of 800,000 head would be in the second six months. Last year slaughter during the second six months was a smaller than average proportion of the total. To what extent slaughter during the last six months of 1931 will exceed that of the same period of 1930 will be determined by market and feed developments during the next three months. Some increase is likely which will be in grass cattle, with supplies of fed steers smaller than last year. With normal summer temperatures, the smaller supply of fed cattle for the next few months is expected to result in a seasonal advance at least as large as average. The trend in prices of grass slaughter cattle and stockers and feeders during the next four or five months will depend both on supply of cattle and prospects for feed crops and pasture. Little further decline on any kind below the early July levels seems probable, and some advance on stockers and feeders may take place if July prospects for feed grain production is maintained and pasture conditions improve.

BUTTER

Butter prices rose during the latter part of June and early July because of the hot weather and poor pastures which curtailed production. Low prices of butter have not greatly stimulated the movement into consumptive channels nor the movement into-storage. If the decline in production during the next few months does not differ greatly from the usual seasonal decline and storage operators continue their conservative policy in accumulating stocks, it seems probable that there will be relatively little variation in butter prices until the usual seasonal rise begins in September.

During June the price of 92 score butter at New York averaged 23.3 cents per pound, 0.4 cents less in May, 9.6 cents less than a year ago, and the lowest since June 1911. Butter prices declined during the first half of June reaching a low point of 22.5 cents for the week ended June 20. With the hot weather during the last week of June and first of July prices rose and averaged 24-3/4 cents for the week ended July 3. The farm price of butterfat on June 15 of 20.5 cents was 0.7 cents less than on May 15 and 11.1 cents less than a year earlier.

The production of creamery butter during May of 174.8 million pounds was 3.7 per cent less than for May 1930. This was the first month since October 1930 that butter production dropped below the corresponding month of the preceding year. Weekly reports of butter production indicate that June production was also less than a year ago.

The production of milk per cow in the herds reported by crop correspondents on July 1 of 16.48 pounds was 4.8 per cent less than a year ago as compared with 3 per cent less on June 1 and 0.5 per cent less on May 1. The percentage of cows in milk on July 1 was 1 per cent less than a year ago. The decrease in production per cow as compared with a year ago was due in large part to the hot weather about the first of July and poorer pastures. The condition of dairy pastures on July 1 was reported as 75 per cent of normal compared with 76 last year and a 10-year average of 83.

Unless there is considerably more than the usual deterioration in pastures during the next few months, production during July and August will probably be larger than a year ago when production was greatly curtailed by the drought.

The retail price of butter in May (as reported by the Bureau of Labor Statistics) of 31.3 cents per pound was 4 cents less than in April 1931 and 15 cents or 1/3 less than in May 1930. Even with this marked reduction in retail prices, trade output during May was only 0.7 per cent larger than a year earlier reflecting the low purchasing power of consumers. For the first five months of 1931 trade output was 1.9 per cent larger than during the same months of 1930.

Storage holdings of butter on July 1 of 89.3 million pounds were 17.4 million pounds or 16 per cent less than a year ago and about the same as the 5-year average. The net-into-storage movement during June of 54.0 million pounds was 4 per cent less than a year ago, and 9 per cent less than the 5-year average. Storage operators have been conservative in accumulating stocks. With an experience during the last two storage seasons in which about 50 million pounds of butter or roughly one-third of the total holdings as of September 1 moved out-of-storage when prices were decidedly less than during the into-storage period, it seems probable that a conservative policy will be continued.

CHEESE

Demand for cheese has been low, so that low prices have continued even though cheese production has been decidedly less than last year. If storage operators continue their conservative policy in accumulating stocks, and consumptive demand continues at a low level, it does not seem probable that there will be any marked improvement in cheese prices during the next few weeks.

After reaching a low point of 10.0 cents per pound during the first part of May, the price of twins on the Wisconsin Cheese Exchange advanced to 11-1/4 cents during the third week of June. The average price during June of 10.8 cents was 0.4 cents higher than in May but 4.3 cents less than a year ago and 9.2 cents less than two years ago. The best cheese generally comes to market in June, and often there is some seasonal decline in quality with hot weather.

Total cheese production during May was estimated to be 52.6 million pounds or 16 per cent less than a year ago, while total production for the first five months of 1931 was estimated to be about 9 per cent less than in 1930. Receipts at Wisconsin warehouses during June were about 10 per cent less than last June as compared with 12 per cent less in May. Total production for June will probably show about the same percentage decline from the production of June 1930 as did May production.

Pasture conditions in Wisconsin on July 1 were reported as 73 per cent of normal as compared with 84 last year and a 10-year average of 84. Production of milk per cow on July 1 of 20.9 pounds was 5 per cent less than a year ago as compared with 2 per cent less on June 1, and the same as a year ago on May 1.

The movement of cheese into consumptive channels during May of 45.5 million pounds was 23.7 per cent less than in May 1930, and for the first five months of the year the movement was nearly 11 per cent less than in 1930. The retail price during May of 27.4 cents (as reported by the Bureau of Labor Statistics) was about 25 per cent less than a year earlier.

Cold storage holdings of cheese on July 1 of 57.3 million pounds were 18 per cent (12.9 million pounds) less than on July 1, 1930, but only 1 per cent less than the 5-year average. The net-into-storage movement during June of about 14.9 million pounds was 30 per cent less than last June and 10 per cent less than the 5-year average. The general decline in cheese prices during the last two years has tended to check the upward trend in storage holdings.

Imports of cheese for the first five months of 1931 amounted to 25.1 million pounds or about 27 per cent less than for the same months of 1930.

EGGS

The price of eggs declined slightly during June under the influence of heavy receipts in the early part of the month. Present indications point to lighter receipts during the summer and fall than a year ago which, with present lower storage stocks, should result in a material rise in prices but probably no more than the usual seasonal movement. Any improvement in consumptive demand would accentuate this tendency.

While egg prices at New York in June averaged below those of May, prices on the 30th were approximately a half cent above those of June 1. Fresh extras averaged 19.1 cents compared with 20.1 cents in May and 25.3 cents in June 1930. Firsts averaged 17.0 cents, a cent below the May price and 6 cents below June 1930. The farm price of eggs on June 15 was 14.1 cents compared with 13.3 cents on May 15 and 18.6 on June 15, 1930.

Receipts of eggs at the 4 markets during June, were somewhat higher than a year ago, 1,801,000 cases compared with 1,655,000 cases. Weekly figures show a falling off in receipts during the month. For the week ended June 6 receipts were 54,000 cases above the same week in 1930 while by the week of July 3 receipts were 29,000 cases below those of 1930. Receipts from March to June, inclusive, have been about 2 per cent below those of the same period in 1930. In view of lighter hatchings and smaller flocks than last year this trend is likely to continue into the fall and winter.

United States cold storage holdings of case eggs on July 1 were 9.5 million cases compared with 10.7 million cases on July 1, 1930 and a 5-year average of 9.8 million cases. Storage stocks of frozen eggs on July 1 were 113.4 million pounds compared with 115.1 million pounds a year ago and a 5-year average of 80.9 million pounds.

On the basis of past trends, storage stocks, both classes considered together, are approximately normal for this time of year while a year ago they were about 12 per cent above the normal. As the into-storage season is practically over it is evident that the fall and winter markets will not be burdened with excessive stocks as was the case in 1930.

CHICKENS

The seasonal decline in the farm price of chickens was checked slightly in June. Receipts, while beginning to increase seasonally, are running below those of a year ago. With fewer chickens on farms and with prospects for a low carry-over of frozen poultry into the new storage season prices are likely to be well maintained this fall and winter.

The farm price of chickens on June 15 was 16.1 cents, a rise of .2 of a cent since May 15. Over the past five years the average change has been a decline of .4 of a cent. Further improvement as compared with last year is indicated, the June price being but 2.9 cents below that of 1930 while March, April, and May were 4.5, 4.4, 4.1 cents, respectively, below 1930 prices.

Receipts of dressed poultry at the 4 markets during June were below those of a year ago, being 21.9 million pounds compared with 23.3 million pounds in June last year. May receipts were 17.0 million pounds. Numbers of young chickens on June 1 in farm flocks were reported to be about 14 per cent less

than a year ago so that fall and winter receipts are likely to be much lower than in 1930.

Cold storage stocks of frozen poultry on July 1 were 32.7 million pounds compared with 54.3 million pounds a year ago and a 5-year average of 44.3 million pounds.

LAMBS

The decline in lamb prices which started about the middle of May continued at an accelerating rate during June. The drop in lamb prices during the six weeks from about the 20th of May to the first week in July was the most drastic ever recorded at this season of the year, both relatively and in actual cents per pound. This drop was from a top of about $11.50 on new crop native lambs at Chicago to about $7.65; choice Idaho lambs sold early in June at $10.50 and early in July the top for such lambs was $7.50. Prices of fed shorn yearlings declined in about similar proportion. Prices of fat ewes and wethers had reached a very low level early in June so that further declines on these during June were not large, although demand was restricted even at the low prices.

Supplies of sheep and lambs in June were again quite large. Inspected slaughter at 1,516,000 head was 17 per cent greater than in June, 1930 and the largest for the month on record and the fourth largest of all months. The increased supplies apparently came from all areas that usually market in June, and in addition relatively large supplies came out of Texas.

The total inspected slaughter of sheep and lambs during the first six months of 1931 was 8,425,000 head, an increase of about 600,000 over 1930 and the largest for the period on record, each month, except one, setting a new record.

The heavy marketings of lambs in June in the face of rapidly declining prices would seem to indicate that producers are not inclined to try to support the market by holding back supplies; also that the proportion of this year's lambs that will be marketed will be larger than in recent years. Hence, marketings and slaughter during the second half of this year are likely to be relatively larger than during the first half. During June and early July the demand for feeding lambs was very weak and prices were low both actually and also relative to slaughter lamb prices. The weak demand reflected lack of confidence in the future fat lamb market and also shortage of pastures. If prospects later in the season continue favorable for feed grain production and pastures improve and the level of fat lamb prices is more certain, it is probable that there will be a large movement of feeding lambs into the Corn Belt.

WOOL

The domestic wool market strengthened in June and early July and prices rose slightly on a few grades and were firm on others. This improvement came with a sustained increase in domestic wool consumption. With the margin between domestic and foreign prices low, imports were very small throughout the usual importing season, and the proportion of domestic wool in the total combing and clothing wool consumed in the United States increased materially. Foreign wool prices have not maintained the full amount of the rise from January to March, but after a low opening of the London Wool Sales, prices strengthened and on some grades reached levels equal to those of May. No -

sustained improvement has become evident as yet in the foreign wool textile industries. A mild winter in the western grazing States of the United States and unusually favorable weather and pasture conditions in parts of Australia appear to be largely responsible for increases in the 1931 clips of these countries. No material decreases appear likely in the slips of other Southern Hemisphere countries. Stocks of old wool in the United States are apparently not much, if at all, larger than they were a year ago and stocks in markets of the Southern Hemisphere are about average for this time of year. In Great Britain stocks are large, however, and they are probably high in France and some of the other continental countries also.

The Boston wool market at the close of June was much stronger than it had been at any previous time in 1931. The last week in June probably witnessed a heavier turnover of wool than any previous week this year, and practically all grades shared in the active demand. The price of fine, strictly combing Territory wool, scoured basis, on the Boston market, for the week ended July 3 was 61.5 cents per pound, no change having been reported since June 6. Territory wool 3/8 blood (56s) scoured basis, was 47.5 cents per pound on July 3 compared with 46.5 cents on June 6.

The fourth series of London wool sales opened on July 7 with prices for most wools 5 to 10 per cent lower and for some as much as 15 per cent below the close of the previous auctions on May 15. Best greasy merinos and fine crossbreds, however, were unchanged to only 5 per cent lower, the greater declines being on ordinary merinos and on medium and low crossbreds. During the first few days of the sales prices improved slightly on some of the finer wools. Buying was largely for Yorkshire. The Bradford market was extremely quiet throughout most of June, but during the last week of the month there was a decided change and by early July sufficient business had developed to give a definite advance in the price of merino tops while all other quotations became very firm. Exports of piece goods from the United Kingdom continue on a greatly reduced level and unemployment in the woolen and worsted industry was greater in May than in April.

Trading in tops and noils has been interrupted in northern France by the strike of textile workers in the Roubaix-Tourcoing area. A sharp decline which has taken place in the conditioning of tops and yarns in Roubaix and Tourcoing is probably a result of labor difficulties.

Receipts of domestic wool in Boston for the month of June were about 45 million pounds compared with 27 million received in May and 55 million in June 1930. Total receipts of domestic wool for the first six months of 1931 were about 101 million pounds. This was 2 per cent higher than during the corresponding period last year and almost 15 per cent higher than the average receipts for the first six months of the years 1926-1930.

Imports of wool into the United States declined in May. Imports of combing and clothing wool during May 1931 amounted to only 3,252,000 pounds compared with 9,808,000 pounds imported in April and 7,218,000 pounds in May 1930. Total imports of combing and clothing wool from January 1 to May 31 of the present year have been 26,747,000 pounds compared with 47,688,000 pounds imported during the same period last year. Average imports for this period during the years 1926-1930 were 81,352,000 pounds.

Consumption of wool by United States manufacturers continues to increase. The reported consumption of 30,334,000 pounds of combing and clothing wool in May was slightly less than the 31,035,000 pounds in April, but compares with 22,245,000 pounds in May 1930 and 28,530,000 pounds in May 1929. Total consumption of combing and clothing wool reported for the first five months of 1931 was 16 per cent higher than for the comparable period in 1930. Consumption of domestic wool during the first five months of 1931 was 25 per cent (or 23 million pounds) greater than in the first five months of 1930.

Low wool prices have apparently not influenced production as yet. Sheep numbers in twenty countries excluding Russia, in 1930 were estimated at 318 million, an increase of 3 per cent compared with 1929. Flocks in most countries are reported to have undergone careful culling. A very mild winter has been an important factor in the increased clip of the United States. An unusually favorable season is estimated to have increased the Australian clip by 8 per cent over that of last year. Conditions in other important producing countries of the Southern Hemisphere point to little if any reduction in their clips. It is expected that the quality of the coming world clip will be above average.

COTTON

Cotton prices rose about 2 cents per pound in the latter part of June and the first few days of July with the general improvement in trade and sentiment. The proposal of the inter-governmental debt moratorium was a stimulating factor at that time. By July 13, however, prices had lost more than half the recovery that had been made from the June 9 low point. There appears also to have been some falling off in sales of yarn and cloth in July as prices have declined, but the June improvement in sales was material and wide-spread. Unfilled orders for cotton cloth in the United States were reported to be 33 per cent larger on July 1 than on June 1. The world visible supply of American cotton is about 63 per cent larger than it was a year ago but it is decreasing more rapidly now than it did then. A water shortage is feared in Egypt, but the Russian cotton acreage is reported to have been increased greatly.

On June 9 the average price of spot cotton in the 10 markets declined to 7.62 cents per pound, a new low for the season and the lowest since before August 16, 1915. Immediately following that date the cotton market improved somewhat, due in part, perhaps to the rising stock market and to weather conditions in the South. During the latter part of June the inter-governmental debt moratorium proposal was a stimulating factor and on July 3 the 10 markets averaged 9.71 cents per pound or more than $10.00 per bale above the low point. By July 13, however, a reaction had carried prices in these markets, to 8.53 cents per pound. The average price received by domestic producers on June 15 was 7.7 cents per pound, 1.1 cent below May 15, and compares with 14.0 cents on June 15, 1930, and 17.9 cents on June 15, 1929. This was the lowest price received by producers in the United States on the 15th of the month since February 1915 and was close to the weighted average price for the 1914-15 season of 7.4 cents per pound.

Domestic consumption of raw cotton during June amounted to 455,000 running bales, 10,000 bales below May, 50,000 bales above June, 1930, and compared with an average consumption in June during the past five years of 533,000 bales, according to the Bureau of the Census. The 10,000 bale decrease

under May compared with a 5-year average decrease of 41,000 bales. Total consumption for the eleven months ended June 30 amounted to 4,820,000 bales compared with 5,727,000 bales during the same period last season or a decrease of 16 per cent.

Production of standard cotton cloth in June decreased 7.7 per cent compared with May, and was the lowest since last January, but averaged 2.4 million yards per week above June 1930, according to reports of the Association of Cotton Textile Merchants of New York. Sales on the other hand were the largest, with the exception of February, since September, 1930. Sales averaged 71.2 million yards per week in June compared with 40.0 million yards in May, 32.5 million yards in June 1930, and equaled 136.8 per cent of production. Shipments in June were likewise above May averaging 54.8 million yards per week, 6.6 per cent above May, 20.0 per cent above June 1930 and amounted to 5.3 per cent more than production. The increase in sales and shipments and the decrease in production resulted in a decrease of 4.5 per cent in stocks and an increase of 33.0 per cent in unfilled orders. This was the largest percentage increase in unfilled orders for any month since September 1928.

During June exports amounted to 255,000 running bales compared with 336,000 bales in May, 185,000 bales in June, 1930, and 299,000 bales in June, 1929, according to the Bureau of the Census. This brings total exports for the season to the end of June to 6,501,000 bales, 13,000 bales or less than 1 per cent below the corresponding period in the 1929-30 season.

The apparent supply of American cotton remaining in the United States on July 1 was about 7.1 million bales compared with 7.8 million bales one month earlier and 5.0 million bales on the same date last season. The decrease in the apparent supply during June amounted to about 700,000 bales compared with a decrease of 571,000 bales during June, 1930, due to the fact that both exports and consumption were above June last year.

The world visible supply of all cotton on July 10 amounted to 7.5 million bales compared with 5.6 million bales on the corresponding date last year or an increase of 33 per cent according to the Commercial and Financial Chronicle. The total visible supply of American cotton at this time amounted to 5.1 million compared with 3.1 million bales a year earlier or an increase of 63 per cent. During the four weeks ended July 10, 1931 the visible supply of American cotton decreased 490,000 bales compared with 372,000 bales during the four weeks ended July 10, 1930.

Many of the foreign countries reported increased interest in yarn and cloth as long as cotton prices were advancing, but with the decline in the raw material the yarn and cloth markets became less active. Spinning and weaving mill activity in Continental Europe as a whole remained low and about unchanged during June as compared with May. There was a significant improvement in sales in Germany, during June, however. In France the persistance of the strike in the northern textile mills is a disturbing factor. In the Orient the textile situation about the middle of June seemed a little brighter, with a further improvement in the parity of American cotton in Japan and the production of a larger proportion of high count yarn being more favorable to the consumption of American cotton.

In the United States the acreage in cultivation on July 1 was estimated to be 10 per cent below last year. It was estimated that 41,491,000 acres were in cultivation this year, which is approximately 12 per cent less than the acreage planted in 1929, about 15 per cent below the record acreage of 1926, and is the lowest planted acreage since 1923. Of the important cotton producing States, North Carolina with a reduction of 18 per cent showed the largest decrease, Oklahoma was next with a 17 per cent decrease. In Texas the decrease was estimated at 8 per cent and in Alabama, Tennessee and Louisiana the decrease was 10 per cent while in Mississippi and Arkansas the decrease was 8 and 6 per cent respectively. Fertilizer tag sales in the Cotton Belt proper for the season were about 30 per cent below last season.

In Egypt with the flow of the Nile on July 1 the lowest in twenty years, there was considerable danger of a serious water shortage. In China spring rains have been favorable to the planting of the new crop in the northern area and it is expected that there will be some acreage increase but stocks of old cotton are low. In Russia about 5.8 million acres of cotton are said to have been planted. This represents an increase of 50 per cent over the period 1930-31 acreage and exceeds the "plan" for the new season by about 2 per cent.

Business Activity and Commodity Prices during
1914-1931, 1858-1877 and 1878-1897

Presented to aid in judging the future demand for and probable prices of farm products.

During the course of the present depression, just as during the 1920-21 depression, comparisons have been made with changes in business activity and commodity prices after the civil war. The earlier comparisons stressed the fact of the almost continuous decline in commodity prices from 1864 to 1879. More recently the comparisons have stressed the long drawn out 5-year depression which began in 1874 and continued through 1878. As an aid in visualizing the basis for these comparisons there is attached to this report a chart which contains indexes of business activity and commodity prices for the period 1914-1931, together with similar indexes for two other 20-year periods 1858-1877 and 1878-1897.

The indexes of business activity in each instance represent the changing level of industrial output and consequently indicate also the changing volume of employment and money incomes of the industrial consumers of farm products. 1/ The indexes of business activity are so constructed as to show fluctuations about a normal rate of growth. The indexes of commodity prices show the composite of changes in wholesale prices of such items as farm products, foods, textiles, metals, building materials, household and furnishing goods, chemicals, etc., the averages for 1910-1914 being taken as 100 per cent. 2/

Comparing first the 1914-1931 period with the 1858-1877 period, the following striking similarities stand out: (1) Enormous war-time price inflation gave way to deflation, that of 1864-65 being accompanied by a business depression in 1865, and that of 1920-21 by a depression in 1921. (2) Eight years later, after periods marked by recoveries and minor recessions, industrial booms developed, one in 1873, the other in 1929. The depression following 1873 lasted for about five years, when the boom of 1879-1880 set in. The current depression has been on for a year and a half. (3) During the two post-war periods, commodity prices declined from a level of about 240 to 120 in about ten years, the post-civil war decline being fairly continuous, the post-world war decline being interrupted by a period of relative stability from 1922 to 1929.

Comparing the 1914-1931 series of business fluctuations with those of 1878-1895, a somewhat different suggestion for the next year or two may be obtained. It is possible to trace a striking similarity between major business cycles of 1878-1885 and 1914-1921, and between the major cycles of 1885-1894 and 1921-1930. Even the minor cycles terminating in 1888 and 1924; 1891 and 1927; and 1894 and 1930 are similar. A continuation of this more striking analogy suggests a revival in the near future similar to that of 1894-1895.

1/ For the period 1858-1877 the index is that of the Cleveland Trust Company; for 1878-1929, that of the American Telephone and Telegraph Company; for 1928 to date the index is derived from the Federal Reserve Board index of industrial production.

2/ For the period 1860 through 1889, the all commodity index of Professors Warren and Pearson of Cornell; for the period 1890 to date, the indexes of the Bureau of Labor Statistics converted to 1910-1914 base.

Business Statistics Relating to Domestic Demand

Year and mo.	Industrial Production 1/ (1) 1923-1925 =100	(2) Trend = 100	(3) June 1929 =100	Factory payrolls 2/	Factory employment 2/	Commodity Prices: At farms 3/	U.S. Wholesale 4/: 1910-1914 =100	U.S. Wholesale 4/: 1926 =100	Foreign 5/	Interest rates 6/	Industrial stock prices 7/
1929											
June	126	113	100	110	102	135	141	96	93	6.00	315
July	124	111	98	109	102	140	143	98	94	6.00	344
Aug.	123	110	97	110	102	143	145	98	93	6.03	361
Sept.	122	109	96	110	101	141	142	98	94	6.12	365
Oct.	118	105	93	106	100	140	141	96	93	6.09	321
Nov.	108	96	85	101	98	136	138	94	92	5.55	233
Dec.	101	90	79	98	95	135	138	94	91	5.00	247
1930											
Jan.	104	92	81	97	94	134	136	93	90	4.89	252
Feb.	107	94	83	95	93	131	134	92	88	4.65	268
Mar.	104	92	81	94	92	126	133	91	86	4.18	277
Apr.	107	94	83	95	92	127	132	91	86	3.88	288
May	104	91	80	93	91	124	130	89	84	3.69	269
June	100	88	77	91	89	123	127	87	84	3.54	239
July	95	83	73	85	86	111	123	84	83	3.16	232
Aug.	91	79	70	82	85	108	123	84	83	3.00	231
Sept.	91	79	70	83	84	111	123	84	81	3.00	232
Oct.	87	76	67	78	83	106	121	83	79	3.00	196
Nov.	85	74	65	74	81	103	117	80	79	2.90	182
Dec.	82	71	62	73	79	97	114	78	77	2.88	170
1931											
Jan.	83	72	63	70	78	94	112	77	76	2.80	168
Feb.	86	74	65	72	77	90	110	76	75	2.62	181
Mar.	88	76	67	72	78	91	109	74	75	2.55	182
Apr.	90	77	68	72	78	91	107	73	75	2.38	162
May	89	76	67	71	78	86	104	71	73	2.20	143
June						80					138

1/ Federal Reserve Board, 1923-1925=100. (1) adjusted for seasonal.
(2) adjusted for seasonal and trend.
(3) per cent of peak in June, 1929.

2/ Federal Reserve Board, 1923-1925=100, adjusted for seasonal.

3/ U.S.D.A., Aug., 1909-July, 1914= 100.

4/ Bureau of Labor Statistics.

5/ Weighted average of indexes for eight foreign countries-United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands, 1926 = 100.

6/ Commercial paper at New York, adjusted for seasonal.

7/ Dow-Jones index.

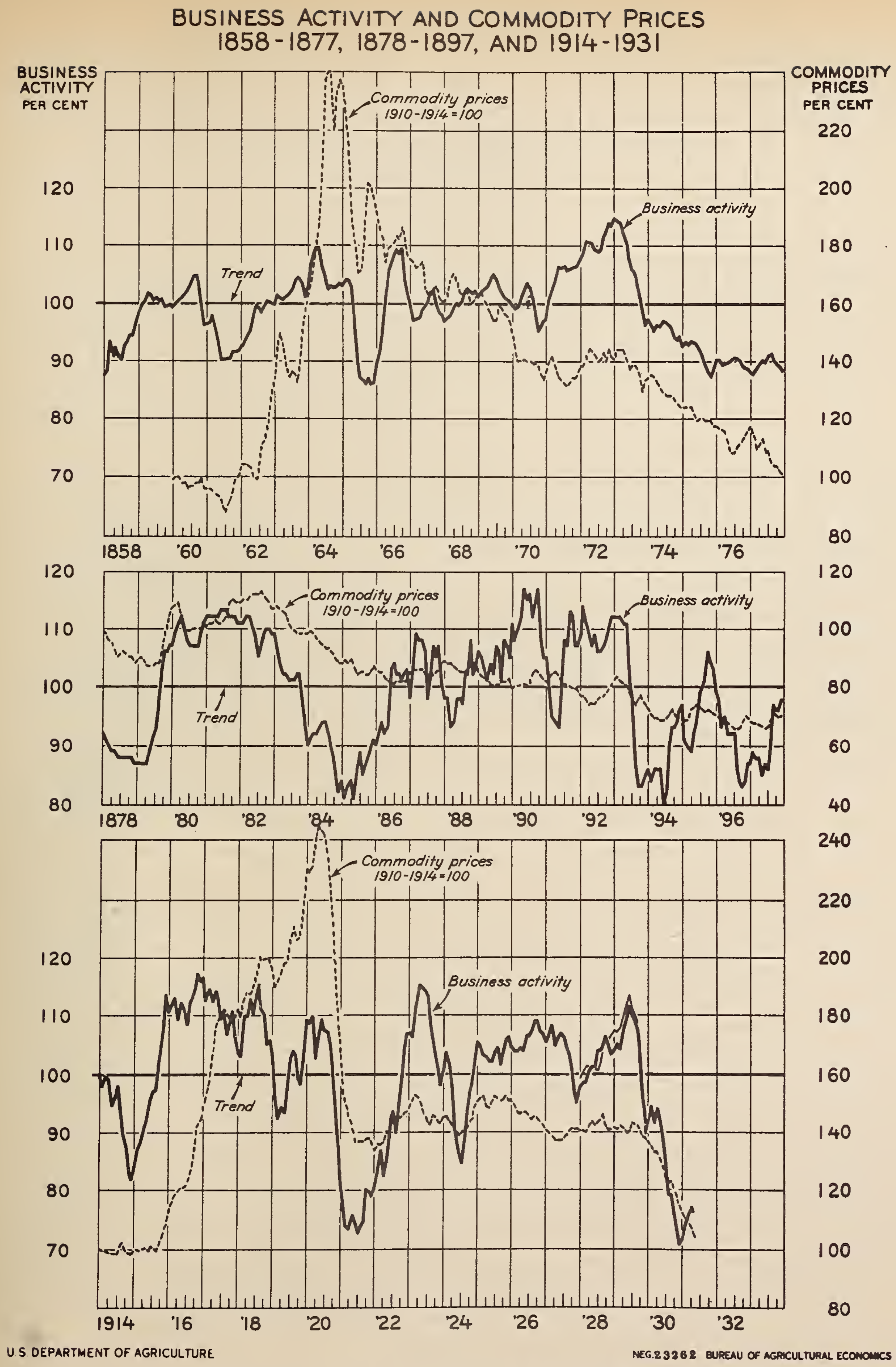


FIGURE 1 - THE FLUCTUATIONS IN BUSINESS ACTIVITY OF THE PAST DECADE RESEMBLE THOSE OF THE POST-CIVIL WAR DECADE, 1865-1874, BUT AN EVEN MORE PRONOUNCED ANALOGY MAY BE TRACED (1) BETWEEN THE TWO MAJOR CYCLES OF 1879-1885 AND 1914-1921; (2) BETWEEN THE TWO MAJOR CYCLES, 1885-1894 AND 1921-1930; AND (3) BETWEEN THE THREE MINOR CYCLES OF THE PAST DECADE AND THAT OF 1885-1894

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release August 17, 1931

THE PRICE SITUATION, AUGUST 1931

FARM PRICES

The general average of farm prices was slightly lower on July 15 than on June 15. Sharp declines in wheat, lambs, apples and minor declines in other commodities failed to offset advances in cotton, potatoes and hogs. Since the 15th of July further reductions have taken place in wheat, cotton, potatoes, and apples which were again only partly offset by higher prices for livestock and livestock products.

On July 15th the index of farm prices averaged 79 compared with 80 on June 15 and 111 a year ago. From June 15 to July 15 the index of grains declined 10 points from 67 to 57, fruits and vegetables 4 points from 114 to 110, dairy products 1 point from 86 to 85 while meat animal prices advanced 1 point from 91 to 92, poultry products 2 points from 81 to 83 and cotton from 65 to 71. Central market price movement since July 15 indicate that during the first and second week of August prices of grains, cotton, potatoes, apples and lambs were lower than during the first and second weeks of July. Prices of cattle, hogs, wool, butter and eggs during the same period were higher but the declines in the prices of other farm products outweigh these advances and the general average of farm prices for August 15 is therefore somewhat lower than for July 15.

THE GENERAL COMMODITY PRICE LEVEL

The general level of commodity prices at wholesale was slightly lower during the first week of August than a month earlier with fluctuations during the month, and in fact during the past 2 months, very small. According to the Annalist index commodity prices averaged 100.5 on June 2, 102.6 on July 7 and 101.7 on August 4. During this 2-month period the weakest group of commodity prices was building materials which declined from 119.7 to 114.6. Metal prices rose from 101.3 to 103.3 and receded to 101.7, fuels fluctuated irregularly downward reaching a low level on July 28 at 115.8 and averaging higher at 120.1 on August 4. Textiles during the 2-month period advanced from 94.4 to 97.9 but declined to 93.6 by August 4. Farm and food products show a net gain, farm products having advanced from 86.2 to 89.2 and averaging 88.5 on August 4 and food products having advanced from 106.9 to 112.2 and averaging 111.7 on August 4. Further price declines in important basic commodities have taken place since August 4.

BUSINESS CONDITIONS

Industrial activity during July receded still further from the spring recovery and has probably brought the physical volume of industrial output close to the low levels reached last December. According to the Federal Reserve Board, industrial production averaged 82 last December, 90 in April and 85 in June. Complete data for July are not available but lower volumes of steel and automobile production as well as lower volumes of traffic

handled by the railroad and new low levels of building contracts awarded more than offset the sustained activity in a few industries producing necessaries, such as textiles, shoes and tires, and indicate that industrial activity for July was below that for June. The downward tendency has continued into August.

Following the stimulus given to business sentiment and to commodity and stock prices by the Inter-Government Debt Moratorium financial conditions in Central Europe have been a depressing factor. Most of the commodity price advances of June have been lost either through increased supply prospects or further curtailment in demand, but a few commodities have made advances during the latter part of July. Industrial stock prices also have lost a part of their rise during the latter part of June, but on August 10, they were still about 10 per cent higher than the low level reached in the first week of June.

As a result of more than seasonal declines in factory employment and payrolls during June and further reductions in July and August, farmers are marketing their 1931 production with consumer's incomes at the lowest level so far in this depression. However, the smaller incomes of consumers are offset to some extent by the lower level of retail prices. The resumption of operations in those industries temporarily curtailing activity should give rise to some improvement in consumers incomes during the last quarter of this year as compared with the current low levels. Such an improvement in the last quarter would of course, result in a strengthening of the domestic demand for farm products, but it is not likely to be of material proportions during the rest of this calendar year.

WHEAT

Wheat prices declined during July and early August. The July 15 farm price for the United States was 36.3 cents per bushel compared with 51.9 cents a month previous. The average price of carlot sales of all classes and grades at the 6 principal markets was 46.5 cents for the month of July compared with 66.8 cents during June. From a level of 63.7 cents during the week ended June 26, the all classes and grades average declined to lower levels in each of the 3 following weeks reaching 44.7 cents for the week ended July 17. There was then a slight recovery to 47.5 cents for the week ended July 24, but this was followed by slight further recessions in the next 2 weeks to 45.8 and 45.5 cents per bushel. Of the principal representative wheats, the greatest declines during July were in hard spring wheats and soft winter wheats. No. 1 Dark Northern Spring at Minneapolis declined from an average of 72.3 cents during the week ended July 3 to 62.1 cents for the week ended August 7, while during the same period No. 2 Red Winter at St. Louis declined from 57.4 to 45.7 cents. The decline in No. 2 Hard Winter at Kansas City was only slightly less, being from 49.3 to 41.8 cents per bushel. Prices of No. 2 Amber Durum fluctuated considerably, but showed little net decline for the period as a whole, averaging 59.5 cents for the first week of July and 59.1 cents for the week of August 7.

The decline in prices was not confined to cash grain or futures in the United States markets. Prices at the principal futures markets of the world also declined through July and early August. At Liverpool, where October futures on July 1 closed at 63¾ cents per bushel, they declined to 58-1/4 cents

on July 31 and $52\frac{3}{4}$ cents on August 7. This was followed by a sharp reaction, however, which brought closing prices on the 11th up to $56\frac{3}{4}$ cents per bushel. Price changes at Chicago were quite similar; September futures which closed on July 1 at 57-3/8 cents declined to 50-1/4 cents on the 31st and 47-1/4 cents on August 6, and then recovered to $49\frac{1}{2}$ cents at the close of the market on August 11. In the other principal futures markets price changes were similar to those at Chicago and Liverpool save that the upswing of prices from August 7 to 11 was greater at Minneapolis than at the other markets. At Minneapolis, September futures closed nearly as high on August 11 as on July 1. The marked rise of Minneapolis futures was evidently due to increasingly poor prospects for the spring wheat crop of the United States.

Conditions continue to point to a world crop of wheat for the 1931-32 season smaller than that of last year. The crop of the Northern Hemisphere exclusive of Russia and China seems likely to be fully 100 million bushels smaller than last year. In the Southern Hemisphere indicated acreage reductions would, with average yields result in a crop of close to 100 million bushels smaller than last year, but yields are still to be determined. The European crop is indicated to be larger than that of last year and of better quality but it is somewhat smaller than the crop of 1929 which was of good quality. In general European production is smaller than last year in the exporting countries and larger in the importing countries. Information from Russia continues to be somewhat indefinite but with good yields of winter wheat and poorer yields of spring wheat, a production considerably smaller than the very large crop of last year seems likely. The world carry-over as of July 1, however, is indicated to be about 100 million bushels in excess of that of last year. The accounted for carry-over which includes wheat in the United States, Canada, Argentina and Australia together with quantities afloat and United Kingdom port stocks is estimated at 686 million bushels as of July 1 compared with 579 million a year earlier. In addition to these amounts are stocks in the importing countries of Europe which are indicated to be smaller than last year, and stocks in the Danube Basin and Russia which are indicated to be larger than last year.

In the United States August 1 conditions indicated a total production of 894 million bushels compared with 863 million bushels produced in 1930. A material reduction in spring wheat during July because of extreme drought in the Northwest was more than offset by increased yields of winter wheat in the Eastern and Southwestern States, indicating a total crop 24 million bushels greater than the July forecast. The crop of hard red winter wheat is now indicated to be 480 million bushels compared with 387 million last year and the soft red winter crop is 257 million bushels against 181 million last year. The production of these two classes of wheat is well above the usual domestic consumption of about 225 million bushels of hard red winter and 160 million bushels of soft red winter. The indicated production of both hard red spring and of durum is less than the usual domestic consumption. Hard red spring wheat production is forecast at only 74 million bushels compared with 156 million bushels and a usual domestic consumption of around 150 million bushels while total durum production is indicated to be 25 million bushels compared with 60 million

bushels last year and an average consumption of around 35 million bushels yearly. White wheat production is indicated to be about 58 million bushels against 79 million last year and a usual domestic consumption of around 55 million bushels.

Though stocks of old spring wheat are fairly large, the total supply for the current year does not appear to be large enough to provide for anywhere near the normal consumption of hard spring wheat. Consequently more hard winter wheat flour will probably be used than is usual or else a large amount of hard winter wheat will be used in mixing with spring wheat in grinding. This appears to be causing an active demand for high protein winter wheat. At Kansas City material premiums are being paid for high protein wheat, but in the spring wheat markets protein premiums have not as yet become significant.

World shipments of wheat of the principal exporting countries declined during July and for the week ended August 1 amounted to only 10 million bushels. For the month as a whole, however, they averaged 12 million bushels which is about the usual level of shipments for the month. Despite indications of small stocks in the importing countries of Europe, prospects are that the large crops of Continental European countries together with milling restrictions and high tariffs may be expected to restrict takings of wheat from overseas. The high quality and large size of the crop and more particularly the very small portion of foreign wheat which may be used in the early season millings of several countries will be of especial importance in reducing takings of wheat during the early part of this season. Later on as continental supplies become scarcer, overseas takings are likely to increase.

Russia continues to be an uncertain factor in the situation. Reports to date indicate a good crop of winter wheat, but smaller spring wheat crops than those of last year. It also appears probable that stocks in Russia are larger than a year ago due to the large crop harvested in 1930 from which Russia exported in the vicinity of 100 million bushels last year. The European market for wheat from other countries during the 1931-32 season will depend to a considerable degree upon Russian exports. Conditions during the latter part of the season will be especially dependent upon the size of the crops in the Southern Hemisphere where a reduction of acreage is in prospect, but where yields are still to be determined.

CORN

The United States farm price of corn was slightly higher on July 15, being 54.0 cents per bushel compared with 53.0 cents a month previous. At the terminal markets prices were somewhat erratic at the close of the month, but the general trend during the remainder of the month was downward. At Chicago, No. 3 Yellow corn, which averaged 60.5 cents for the week ended July 3, declined in each of the 3 following weeks to an average of 55.2 cents for the week ended July 31, but there was a sharp rise for the week ended August 7 to 59.4 cents per bushel.

Futures also tended to decline during most of July, closing on the 25th at 57$\frac{3}{4}$ cents per bushel compared with the level of around 60 cents early in the month. In the next 2 market days, there was a slight recovery, prices closing on the 28th at 59$\frac{1}{2}$ cents per bushel, but closing prices for the last 3 days of the month were 68, 68 and 72$\frac{1}{2}$ cents per bushel respectively, the higher prices of the last 3 days apparently being due to a "squeeze" in the July futures at Chicago. The September and December futures were affected little, if any by these higher prices of July futures and there was no apparent effect on the price of cash corn grading below No. 2. The improvement of cash prices generally during the first week of August, however, appears to have been associated with the same speculative movement.

Receipts of corn at the 14 primary markets increased during July, amounting to 15.6 million bushels compared with 13.8 million during the previous month, and an average of 18.1 million for the past 5 Julys. Ordinarily, July receipts are smaller than those of June, and it is probable that the speculative activities which resulted in the sharp upward movement of prices at the end of July were largely responsible for the increase in shipments this year. Reported wet process grindings continue at relatively low levels compared with previous years, amounting to 5.2 million bushels for the month of July compared with 5.7 million last month and 6.1 million in July 1930. The average wet process grindings for July of the past 5 years has been 6.4 million bushels. Total wet process grindings thus far this season have amounted to 49.7 million bushels compared with 58.2 million last year, and a 5-year average of 62.2 million. Commercial stocks continue at levels much below average and amounted to 8.9 million bushels on August 8 compared with 3.1 million a year ago and an average of 13.8 million for the corresponding date of the past 4 years.

Conditions during July resulted in a considerable deterioration of the corn crop and the August estimate is for a crop of 2,775 million bushels, or almost 200 million smaller than that indicated by July 1 conditions. Recent rains have probably checked further deterioration in much of the Corn Belt. Such a crop would, of course, be much larger than the short crop of last year which amounted to only 2,094 million bushels, but only a little larger than the average production of the past 10 years of 2,723 million bushels. The August 1 forecasts of the oats and barley crops were also somewhat smaller than the July forecasts. The oats crop now being forecast at 1,170 million bushels compared with 1,358 million last year, and a 10-year average of 1,305 million while the barley production is indicated to be 221 million compared with 335 million last year and an average of the past

10 years of 238 million bushels. Combining the indicated production of corn, oats, barley and grain sorghums on a weight basis, total production for this year is now indicated to be 105.2 million tons compared with 92.5 million last year and an average of 106.3 million for the past 10 years.

Cash corn prices continue to be high relative to wheat, the average farm price as of July 15 being 54.0 cents for corn compared with 36.3 cents for wheat, whereas corn is usually lower in price per bushel than is wheat. During the week ended August 7, No. 3 Yellow corn at Chicago averaged 59.4 cents per bushel compared with 48.0 cents for No. 2 Hard Winter wheat at the same market. Though cash and old crop corn futures are higher than wheat, new crop corn futures are considerably lower. Thus September futures for corn closed on August 11 at 48-7/8 cents per bushel compared with 49½ cents for wheat of the same delivery, whereas the price of corn for December delivery was 39 cents per bushel and that of wheat 53¼ cents.

FLUE-CURED TOBACCO

The market season for flue-cured tobacco opened in Georgia, for Type 14, on July 28. First week sales for all grades on the 21 markets averaged 7.33 cents per pound. This compares with 10.59 cents for the opening week in 1930 and about 19 cents in 1929. This decline has taken place in spite of the fact that the prospective supply of flue-cured tobacco in 1931 is less than in 1930, and the Georgia production is estimated to be about half as large as last year. Greatest reductions in price have occurred in the lower grades, some of which are selling for less than half what they did in 1930. Prices for the upper grades opened as high or higher than in 1930 and have shown some improvement as the season has advanced. The maturity of the Georgia crop was retarded considerably by the late season and first offerings have been light as well as mediocre in quality. South Carolina markets, Type 13, which opened August 4 report prices about in line with those prevailing in Georgia.

The total supply of flue-cured tobacco in prospect for the United States in 1931 is about 5 per cent less than the record of 1930, but 4 per cent greater than in 1929. This is based upon the August 1 estimate of production, 718,466,000 pounds, and the July 1 stocks reported in the hands of dealers and manufacturers, 676,752,000 pounds. The stocks are 13 per cent greater than a year ago but the production is about 16 per cent less.

World consumption of products made from American flue-cured tobacco in 1930 appears to have been approximately equal to that of 1929. This is in sharp contrast to other recent years for until 1930 the consumption of these products, especially cigarettes, in most countries had been making substantial increases each year. Figures for the early part of 1931 show no improvement over 1930, apparently continuing to react to the reduced buying power of consumers and relatively high prices for tobacco products. In the United States cigarette consumption to July 1 was about equal to that for the same periods in 1929 and 1930. Consumption in the United Kingdom for the first 6 months of 1931 failed to make its usual increase, while in many of the Continental European countries definite declines have been recorded. For China no reliable consumption figures are available, but trade information shows the cigarette industry to have made consistent progress and as yet no signs of slackening have been reported.

Exports for the year ended June 30 were [illegible] pounds, [illegible] larger than the previous high record established in 1929-30. The United Kingdom and China were the principal importing countries, their share of the total 75.7 per cent being a little larger than usual due to the increased takings by China during the last quarter of the year. The shipments to China, which have always been mostly of medium to low quality leaf, recently have tended more toward the lower grades. This has been due partly to the influence of unfavorable exchange rates and the preference given by the import tariff to lower priced tobaccos. The United States continues to supply more than 90 per cent of the leaf imported into China and appears to meet little competition from other exporting countries. However, recent expansion in the production of bright tobacco in China has been having increased influence upon the trade, particularly with resident Chinese manufacturers. The acreage of this tobacco in 1931 is reported to be considerably larger than in 1930.

Stocks of flue-cured tobacco in foreign countries appear normal or above normal in all countries where reports are available. In the United Kingdom stocks at the three ports of entry, London, Liverpool and Glasgow on June 30 were 10 per cent larger than in 1930 and 23 per cent larger than in 1929. The quantities available in the countries of Continental Europe cannot be definitely determined but judging by the prices at which supplies are now being offered it is probable that they are somewhat larger than usual.

Buyers for export on the Georgia and South Carolina markets this season have been less active than for many years past. Since normally more than half the flue-cured production is exported this is an important factor in the present situation, especially for the medium to lower grades of leaf. The August 1 condition of the other flue-cured types was about average for that date with indications that the quality will be superior to that which is being marketed at present.

APPLES

The 1931 apple crop, based on conditions as of August 1, is forecast at 218 million bushels, the largest crop of the past 10 years except that of 1926 when a total of 247 million bushels were produced. This compares with a crop of 164 million bushels last year and an average of 174 million bushels for 1925-1929. Somewhat less than an average crop is indicated for the Pacific Northwest and New York with crops well above average generally in the East and particularly in the region North and South of the Ohio, and in the Shenandoah Valley. Virginia and West Virginia are estimated to have crops exceeding their previous records in 1926.

The average farm price of apples at 108 cents per bushel is 35 cents lower than the price in July of last year when the crop was somewhat below average. Usually apple prices tend downward as the volume of shipments increase to a peak in October.

The following table is a record of the apple crops since 1924 in relation to the prices which farmers received for the entire season and the prices which prevailed during October. The years are arranged in the order of the size of the crops. The prices have been adjusted for the effect of changes in the general level of prices of farm products (prices as of June 1931 = 100).

United States production of apples 1924-1930

Year	Production	Weighted average farm prices per bushel, adjusted 1/ July-June	Weighted average farm prices per bushel, adjusted 1/ October
	Million bushels	Cents	Cents
1927	124	88	84
1929	143	92	87
1930	164	88	78
1925	172	78	74
1924	172	75	74
1928	187	69	63
(Aug. 1) 1931	218	?	?
1926	247	60	54

1/ Adjusted to the June 1931 level of prices of farm products at wholesale.

The crop is now estimated at 218 million bushels lies half way between the record crop of 1926, of 247 million bushels and the 1928 crop of 187 million bushels. For the 1928 crop the average price in October was equivalent to 63 cents per bushel and for the 1926 crop 54 cents.

POTATOES

The average price of potatoes received by farmers around July 15 at 82.5 cents per bushel was 7 cents higher than on June 15 and 47 cents lower than in July last year. Not all States shared in the rise, for declines occurred in the early producing section of the South and Southeast.

At New York prices on Virginia cobblers declined from about $1.60 per 100 pounds to about $1.25 by the end of the month. Prices of New Jersey and Long Island potatoes on the New York market during the first week of August sold for about $1.25 per 100 pounds or somewhat lower than during the last week of July. On the Chicago market potato prices also declined during the month, from about $1.81 per 100 pounds during the second week of July to $1.58 by the end of the month with that level practically maintained during the first week of August. Relatively light shipments and unfavorable crop developments in the West North Central States have tended to sustain prices in recent weeks.

Based on August 1 conditions the 1931 potato crop is estimated at 371 million bushels, a reduction of about 25 million bushels from the estimate based on July 1 conditions and 27 million bushels greater than last years' crop, the revised estimate of which is 343 million bushels. In the following table are given the yearly potato crops in relation to the average prices received by farmers, arranged in the order of the size of the crop. The prices have been adjusted to take into account the effects of changes in the level of wholesale prices of farm products in general (prices of June 1931 being taken as 100).

Potatoes: United States production and farm prices

Year	Production	Weighted average farm prices July- June, adjusted 1/
	Million bushels	Cents per bushel
1925	321	113
1926	354	96
1929	359	89
1930	2/ 361	84
1921	362	88
1931 (Aug. 1)	371	?
1927	403	68
1923	416	63
1922	453	46
1924	3/ 453	44
1928	465	37

1/ Adjusted to the June 1931 level of prices of farm products at wholesale.
2/ As estimated the revision in line with 1930 census is to 343 million.
3/ As estimated the revision in line with 1925 census is to 420 million.

In size this year's crop as now estimated lies between the 1922 crop of 362 million bushels for which farmers received the equivalent of 88 cents per bushel and the 1927 crop for which they received the equivalent of 63 cents. The average price as of July 15 was 82.5 and is somewhat lower at the present time. In studying the relation of this year's crop to previous crops and prices it should be observed that an estimate of 371 million bushels as of August 1, 1931 revised to the 1930 census, would be equivalent to an estimate of about 390 million bushels, unrevised.

RICE

Prices of both Southern and California rice remained steady during July but some weakness was in evidence during the first week of August. Present crop prospects and indicated carry-over point to a supply of Southern rice somewhat below that of a year ago. Production in California is estimated to be somewhat larger than last year and the crop is earlier than usual, indicating an early movement to market. Shipments into consuming channels continue in good volume. The foreign situation is being strengthened by poor crop prospects and sharp price advances.

The production of rice in the Southern States was forecast on August 1 at 32,699,000 bushels, equivalent to 9,083,000 barrels of 162 pounds each. The carry-over of rough rice at southern mills is estimated at 151,642 barrels and farm stocks are thought to be negligible. These old crop supplies together with the forecast of the new crop, less the usual allowance for feed, seed and waste, suggests a domestic supply of about 8,750,000 barrels available for the 1931-32 season. This compares with mill receipts last season of 9,855,000 barrels. The crop in California was estimated on August 1 at 7,500,000 bushels compared with 7,271,000 bushels harvested in 1930.

Crop prospects for rice in the far east are much less favorable than a year ago. In Japan weather conditions have been unfavorable for the new crop and prospects are for a crop materially smaller than the unusually large crop of last year. The prospective smaller crop however, will be offset to a large extent by a heavy carry-over. Large areas along the Yangtze River in China are reported to be seriously damaged by floods and the rice crop in this area may be materially lower than last year. Farther south a partial crop failure is reported in Burma, the principal exporting province of India and tardiness of rains and low rice prices may reduce acreage in Siam.

The movement of southern milled rice into consuming channels continue of good volume. July shipments totaled nearly 425,000 pockets, compared with a 5-year July average of 339,000 pockets.

The prospect of smaller crops in Asia and a change in the Cuban rice import tariff in favor of United States rice may result in some increase in the movement of domestic rice to that market.

FLAX

Production of flaxseed in 1931 has been materially reduced by drought and domestic supplies of flaxseed for the coming year will be the smallest since 1922. Because of the unfavorable prospects for the crop prices of flaxseed advanced sharply during June and the first 3 weeks of July. All of this advance was lost during the next 2 weeks however, because of the slack demand for linseed oil and the falling price of Argentine currency. Consumption of linseed oil during the past year has fallen off sharply and no material improvement in consumption is likely until residential construction and business activity improve.

Prices of flaxseed at Minneapolis advanced steadily from the first week of June to the week ended July 24 when No. 1 flax averaged $1.67. During the following 2 weeks prices broke sharply and for the week ended August 7 averaged only $1.43. The recent decline in prices has been due to the forward selling of the new crop and slack demand for linseed oil together with a falling price for Argentine currency which has resulted in declining prices of Argentine flax in terms of United States money. At Winnipeg flaxseed prices during July were from 42 to 45 cents below Minneapolis, while prices at Buenos Aires ranged from 62 to 75 cents below Minneapolis. Prices for linseed oil have tended to follow flaxseed prices in recent months while prices of linseed meal have made some advances due to low supplies of feedstuffs in the Northwest drought area.

According to the August 1 forecast by the Department of Agriculture the production of flax in the United States in 1931 will be 13,807,000 bushels compared with 21,400,000 bushels harvested in 1930 and will be the smallest crop since 1922. The unusually dry weather during and following planting time resulted in a smaller acreage being planted than was intended and has also lowered the yield on the area which was planted. Similar conditions have prevailed in Canada/ 1931 acreage and condition on August 1 indicated a crop of about 2,300,000 bushels compared with 4,399,000 bushels harvested last year. Russian seedings of flax are reported to be about 2 million acres larger than last year and increases are expected in the acreage of Uruguay and Argentina. However, most of the other leading flax producing countries have reduced their acreage this year.

The demand for linseed oil in the United States is largely determined by the amount of industrial activity and especially building construction. Total construction in the 37 States east of the Rocky Mountains, as measured by contracts awarded, was $1,807 million in the first 6 months of 1931 compared with $2,638 million in the corresponding period last year, according to reports of the F. W. Dodge Corporation. During the same period residential construction was $491 million in 1931 and $579 million in 1930.

Crushings of flaxseed during the first 9 months of the 1930-31 season (Sept. 1, 1930-June 30, 1931) were 21,167,000 bushels compared with 25,183,000 bushels in the same period of the 1929-30 season and 31,730,000 bushels in the first 9 months of the 1928-29 season. Consumption of linseed oil was 239 million gallons for the same period in 1930-31 compared with 307 million gallons in 1929-30 and 377 million in 1928-29. A comparison of the consumption of oil for these periods with the amount of building contracts awarded and the level of business activity in the same periods shows the dependence of linseed oil consumption on these two factors. In view of the outlook for both building construction and industrial activity during the fall and winter months it is doubtful if the consumption of linseed oil will improve materially before the spring of 1932. Any improvement in linseed oil consumption that takes place next spring will depend largely upon the extent of the improvement in industrial activity and especially in building and residential construction.

HOGS

The principal features of the hog market situation in July were advancing prices for light and medium weight hogs, the failure of prices of heavy butchers and packing sows to show much improvement and the smallest slaughter supply for the month since July 1920. The upward trend in prices of the lighter hogs which got under way in June was checked at the end of July and prices have since shown a tendency to work downward. Although hog prices frequently reach the highest levels of the year in September, which is usually the month of smallest marketings, the market situation this year is likely to be influenced more than usual by the supply of hog products in storage, particularly those products derived from heavy hogs. Weakness of both foreign and domestic demand has allowed stocks to accumulate and accounts in large part for the prices of heavy hogs showing so little improvement this summer even though prices of the lighter weights suitable for the fresh pork trade made a fairly good advance.

The average weekly price for all hogs rose only slightly in July and the average for the month was below that of June. The July average at Chicago was $6.33 compared with $6.36 in June and $8.73 in July last year. The June and July advance on light weights carried the weekly average price of these weights at that market from $6.24, the low of the year made in early June, to $7.95 and the weekly top from $6.50 to $8.40. The latter price, which was recorded the last week in July, was within 10 cents of the Chicago top price for the year which was paid the second week in March. Part of the rise in prices of light weights was canceled the first 2 weeks in August.

Federally inspected hog slaughter during July, amounting to 2,767,000 head, was 485,000 head, or 14.9 per cent smaller than in June, and 421,000 head, or 13.2 per cent smaller than in July, 1930, being the smallest slaughter for the month since 1920. The decrease of 1,273,000 head in slaughterings during May, June and July brought the total reduction for the first 10 months of the hog marketing year which began last October to 1,942,000 head, or about 4.9 per cent. Average dressed weights were heavier than those of last year however, so the reduction in tonnage was relatively smaller than the reduction in numbers. Lard production in June was only 7.8 per cent smaller than in June 1930 although hog slaughter declined 11.9 per cent. Slaughter continued relatively light during the first half of August but it is hardly likely that the total for the month will show so great a decrease from that of August last year as was shown in June and July.

Foreign demand for American hog products continues weak. Lard exports from the United States during June were only slightly smaller than in May but they were a third smaller than in June, 1930. Exports of pork in June were not greatly different from those in May but they were nearly 40 per cent smaller than those in June last year. The July exports of hog products as indicated by loadings from the principal ports were at least a third smaller than the July exports in 1930. For the first three quarters of the current hog marketing year lard exports were 27 per cent smaller and pork exports were 46 per cent smaller than those for the corresponding period a year previous.

Domestic demand for hog products also is much below that of recent previous years. The apparent domestic consumption of lard was about the same as that of last year but there was a decrease of about 213 million pounds or 4 per cent in the amount of pork from Federal inspected slaughter moved into consumptive channels. Supplies of both pork and lard have only been moved by greatly reducing prices.

As usually happens during July fresh pork prices fluctuated greatly from week to week. In general they declined during the 2 weeks ended July 11, rose sharply the following week, showed some weakness toward the end of the month and made a material advance during the week ended August 9. The price spread between light and heavy loins continued to widen and 8-10 pound weights at New York averaged $20.86 for the month as compared with $18.55 during June and $23.17 in July, 1930, while 16-20 pound weights averaged $13.46 in July, $13.81 in June and $15.58 in July last year.

The cured pork market strengthened somewhat during the month but the improvement was largely on cuts from the lighter hogs. Lard prices declined sharply, the July average at Chicago being $8.65 compared with $9.53 in June, and was the lowest average for any month since September, 1915.

Storage stocks of pork were reduced materially during July but because of the falling off in exports trade and no tendency for domestic consumption to increase even though retail prices for hog products have been lowered, storage stocks remain relatively large despite the sharp reduction in slaughter since April. Stocks of pork on August 1, amounting to 715 million pounds were 8 per cent smaller than those of July 1 and 5 per cent smaller than the 5-year August 1 average, but they were 10 per cent larger than those of August 1, 1930. Lard stocks increased 7 million pounds or 6 per cent during July and brought the holdings to 122 million pounds or 3 per cent more than on August 1, 1930 but they were still 29 per cent smaller than the 5-year August 1 average. It

was the first time since December 1929 that lard holdings at the beginning of a month were larger than those of the corresponding date a year earlier.

Average market weights of hogs usually reach the highest levels of the year about the third week in August and then fall off as the proportion of new crop hogs in the market supply increases. The seasonal reduction in the supply of heavy hogs after mid-August frequently results in a considerable price advance on such kinds which accounts in large part for the marked rise in the average price of all hogs that often occurs in September. This year the market situation is made somewhat abnormal by reason of the large storage stocks of the products derived from heavy hogs and by the extremely weak demand for such products both in this country and abroad. With large feed crops in prospect weights of hogs marketed will probably continue above average.

The present low prices of feed and prospects for a large feed production in 1931, along with a restricted credit supply available for expanding cattle and sheep feeding operations are the principal factors responsible for the marked increase in hog production in the United States which is now apparently under way. The corn-hog ratio during the recent months has been about normal but with wheat prices at very low levels and a larger corn crop in prospect, conditions are more favorable for hog feeding than the present corn-hog ratio indicates.

Since an increase in hog production requires a relatively small cash outlay and returns come quicker than in cattle and sheep production, and since hog-feed price relationships are favorable, farmers are apparently planning to utilize as much as possible of their surplus grain by marketing it through hogs.

CATTLE

Cattle prices during July followed their normal seasonal trend, the better grades advancing moderately and the lower grades averaging somewhat lower than in June. During July, market supplies were larger than in June but under those of a year earlier and a reduction in marketings of the better grades was in evidence during the last half of the month. The estimated number of cattle on feed for market on August 1 was considerably smaller than on August 1 last year, but present indications as to the marketings of grass cattle during the late summer and fall months point to a larger movement than that of the corresponding period of 1930.

After the sharp decline on all grades during the two weeks ended July 4, prices of the better grades of beef steers at Chicago advanced/ [illegible] he two following weeks, declined slightly during the next week and then advanced during the last week of July and the first week of August. Prices of these grades during the week ended August 8 reached the highest point since early May. Prices of the lower grades of beef steers and of stockers and feeders advanced during the first half of the month but declined during the last half and in the first week in August. The average of all grades of beef steers at Chicago during July was $7.62 compared with $7.43 in June and $9.42 in July 1930. The monthly average price of stockers and feeders at that market was $4.97 compared to $5.76 in June and $6.49 in July last year.

Total slaughter supplies of cattle during July increased seasonally but were below the average for that month. Inspected slaughter was only 0.5 of 1 per cent smaller than in July 1930 but was 26 per cent under the 5-year average. Receipts at 7 markets, however, were 2 per cent larger than those of July last year. Receipts of beef steers at Chicago for slaughter amounting to 98,000 head, were 6.8 per cent smaller than in June and 6 per cent smaller than in July last year. The number of choice steers, however, was nearly three times as large as that of a year earlier. Good and choice steers constituted 81 per cent of the total slaughter steer supply as compared with 63 per cent in July 1930.

Although feeder demand continued relatively weak, a seasonal increase in stocker and feeder shipments occurred in July, and for the first time this year, the monthly total was larger than that of the corresponding month a year earlier. Shipments from 12 markets to 7 States were 18 per cent larger than the unusually small movement in July last year but were 26 per cent under those of 1929.

The estimated number of cattle on feed for market in the Corn Belt States on August 1 this year was 13 per cent smaller than on that date in 1930. The States east of the Mississippi River as a group had 16 per cent less than a year ago and States west of the River had 11 per cent less. None of the States had more cattle on feed this year than last and only Nebraska had as many as last year. Decreases in important feeding States amounted to 8 per cent in Iowa, 20 per cent in Illinois, Michigan, Missouri and Kansas, 10 per cent in Ohio, 13 per cent in Indiana and 30 per cent in South Dakota. Feeders reported a considerable decrease from last year in the proportion of cattle weighing over 1,100 pounds to be marketed during the next 4 months, a material increase in the proportion weighing from 900 to 1,100 pounds and little change in the proportion under 900 pounds.

The reports from feeders as to the number of stocker and feeder cattle they expect to buy during the last 5 months of 1931 compared to the number bought during the corresponding period in 1930 indicated smaller shipments of such cattle into the Corn Belt States the remainder of this year. The principal reasons given for the indicated smaller movement this year were the unfavorable returns from feeding operations during the past 2 years and the resulting difficulty that will be met by feeders in financing feeding operations. Although the actual shipments of stocker and feeder cattle this year will be influenced by the outturn of the corn crop and by the market supply of unfinished cattle present indications point to a weak demand for such cattle during the remainder of the year. Poor range conditions and a general shortage of feed in the Western States may result in heavier marketings of unfinished cattle from that area during the remainder of the year than in the corresponding period in 1930.

BUTTER

Poor pastures have caused more than the usual seasonal decline in milk and butter production during July and butter prices have advanced. The into-storage movement of butter during the current season has been small, and storage holdings on August 1 were the smallest in 6 years. It is probable that the net-into-storage during August will also be relatively small, so that the seasonal peak of storage holdings, which usually comes September 1, will be considerably smaller than the 5-year average.

There has been an upward trend in butter prices during the last 7 weeks, due primarily to the curtailment in production. Normally there is little seasonal variation in butter prices during June and July. For the week ended August 8 the price of 92 score butter at New York averaged 26.4 cents per pound but rose to 30 cents by August 13, the highest since early in April. During the recent rise in butter prices, spot prices advanced more than future prices. From June 16 to August 12 the price of 90 score centralized butter at Chicago rose 6$\frac{3}{4}$ cents while the price of November storage standards rose only 3$\frac{3}{4}$ cents. The average price during July of 25.0 cents was 1.7 cents more than in June but 10.3 cents less than a year ago. The farm price of butterfat on July 15 of 21.1 cents was about one-half cent higher than on June 15 but 10.5 cents less than for July 1930. The declines in the New York City price of 92 score butter and the farm price of butterfat during the past year were practically the same.

For the first 6 months of 1931 the production of creamery butter was 3.1 per cent larger than in the same period of 1930. Production during June of 188.0 million pounds was only one-quarter of 1 per cent more than in June 1930 and 7.6 per cent larger than in May 1931. The increase from May to June was relatively small, as June usually exceeds May by about 12.5 per cent.

Weekly reports from cooperatives and trade associations in the middle west indicate that production during July was even lower than the relatively low production of a year ago. Reports for the Pacific Coast, however, indicate that production in that section was comwaht larger than a year ago.

Milk production per cow in herds of crop correspondents on August 1, of 13.92 pounds was 3.3 per cent less than a year ago, and the smallest for August 1 for the 7 years for which the data have been collected. The relatively low production per cow was due in part to the drought and poor pastures in some of the important dairy States, and also to the low prices of dairy products which has tended to restrict feeding. The condition of dairy pastures on August 1 was reported as 64.2 per cent of normal as compared with 58.2 per cent last year and a 10-year average (1921-1930) of 80.2. The decline in condition from July 1 to August 1 was more than twice as great as the usual seasonal decline.

Cold storage holdings of butter on August 1 of 115.2 million pounds were 29.9 million pounds or 21 per cent less than last year and the smallest for August 1 since 1925. The net-into-storage during July of 26 million pounds was 12.5 million pounds or 33 per cent less than during July 1930, and the smallest net-into-storage movement for July since 1921.

Although there is generally a net-into-storage movement during August, it is quite probable that the movement during August this year will be relatively light, so that the peak of storage holdings which usually comes on September 1 will be lower than both last year and the 5-year average.

During the second quarter of 1931, movement of butter into consumptive channels has been about the same as during the corresponding months of 1930. Retail prices of butter during the second quarter of 1931 averaged 30 per cent lower than in the preceding year.

CHEESE

Cheese prices have advanced primarily because of the effect of the dry weather in curtailing milk production, in the important cheese-producing sections. Cold storage holdings on August 1 were considerably lower than last year and lower than the 5-year average. Storage holdings on September 1, which is usually the peak of the season, will probably be less than average.

The price of cheese (twins) on the Wisconsin Cheese Exchange during July averaged 11.4 cents, 0.6 cents higher than in June, and 1 cent higher than in May, but 2.9 cents lower than a year ago. The price on August 1 of 12.5 cents was the highest since the middle of April.

During the first half of 1931 cheese production was 8.1 per cent less than during the same period of 1930. During June, however, the production of 64.5 million pounds was only 5.0 per cent less than a year ago. July production was probably less than last year since receipts at Wisconsin warehouses during July were 10.9 per cent less than a year ago.

Milk production per cow (in herds of crop correspondents) in Wisconsin on August 1 of 15.5 pounds was 13 per cent less than on August 1, 1930. The decline in production per cow from July 1 to August 1 of 6.4 pounds was 38 per cent more than the average decline for the 5 years (1925 to 1929). This unusually large decline was due in large part to the poor condition of pastures on August 1 of 46.0 per cent of normal, the second lowest condition ever reported.

Storage holdings of American cheese on August 1 of 68.5 million pounds was 20.2 million pounds or 22 per cent less than a year ago and 8.0 million pounds less than the 5-year average. The net-into-storage movement during July was 44 per cent less than last year. The total into-storage movement during the three months May, June and July was only 28.0 million pounds as compared with 49.3 million pounds last year, and a 5-year average of 40.6 million pounds.

The trade output of cheese during June of 53.1 million pounds was 1.3 per cent larger than in June 1930. This was the first month of the current year in which trade output exceeded the corresponding month of the preceding year. For the first 6 months of 1931 trade output was 5.1 per cent less than in 1930.

EGGS

A sharp decline in the receipts of eggs during July led to a rise in prices, especially for the better grades of eggs. The smaller receipts resulted in less than the usual into storage movement of eggs and storage holdings on August 1, which is usually the peak of the year, were relatively low. These low storage holdings together with the smaller numbers of hens and chickens on farms July 1 indicate that supplies of eggs during the fall and winter will be below those for the same period last year.

The prices of the better grades of fresh eggs at New York advanced in July. Fresh extras, mixed colors, rose from 20.6 cents on July 1 to 24.0 cents on July 31, averaging 23.2 cents which is about 4 cents above the June average and about a cent below the 1930 July average. Fresh firsts did not advance so much and averaged 19.0 cents which compared with 17.0 cents in June and 21.4 cents in July 1930. The farm price averaged 14.8 cents on July 15 as compared with 14.1 cents the previous month and 18.8 cents a year ago.

Receipts of eggs at the 4 markets during July were much below those of recent years, being 1,125,000 cases as compared to 1,308,000 cases a year ago and a 5-year average of 1,278,000 cases. The number of hens in farm flocks on July 1 was about 5 per cent below that of a year ago while the number of young chickens was 10 per cent less than a year ago. Receipts during the fall and winter therefore are not expected to be as heavy as in 1930.

United States cold storage stocks of case eggs on August 1, when the peak is usually reached, were low, being 9.5 million cases as compared to 11.2 million cases in 1930 and a 5-year average of 10.2 million cases.

CHICKENS

Receipts of chickens during July were considerably larger than average and the farm price of chickens on July 15 was lower than a month earlier. Cold storage stocks of poultry usually reach their low point in August or September and on August 1 were low for this time of the year. The number of chickens on farms July 1 this year was somewhat smaller than a year ago. This, together with the small storage stocks, is likely to result in somewhat smaller supplies of chickens during the fall and winter months than were available a year ago.

The farm price of chickens on July 15 was 15.8 cents as compared to 16.1 cents a month before and 17.4 cents a year before. Part of the decline, at least, is of a purely seasonal nature as it is common for chicken prices to decline during the latter half of the year.

Receipts of dressed poultry at the 4 markets during July were unusually heavy, being 24.6 million pounds as compared to 19.3 million pounds last year in July and a 5-year average of 20.3 million pounds. Receipts since the first of May, however, are about three-quarters of a million pounds less than for the same period in 1930. With 10 per cent fewer young chickens in farm flocks on July 1 than the year before, receipts during the fall are not likely to exceed those of last fall.

The net into storage movement of poultry usually begins during August or September but the movement began earlier than usual this year. The net into storage movement during July was 3.7 million pounds making the total cold storage holdings 36.4 million pounds compared to 47 million pounds a year ago and a 5-year average of 41.8 million pounds.

LAMBS

The sharp decline in sheep and lamb prices during June was followed by a partial recovery during the first half of July, but in the second half, the downward trend was resumed and a new low for the year was established during the first week in August. The July average price of good and choice lambs at Chicago was $7.67 as compared with $8.70 in June and $10.13 in July 1930. Average quality of lambs marketed decreased during July and the premium paid for the better grades increased. Prices of fat ewes and yearlings advanced during the month largely as a result of declining proportions of such kinds in the total supply. Medium to choice ewes at Chicago averaged $2.64 as compared with $2.04 in June, and $3.28 in July 1930.

Contrary to the usual seasonal tendency, market supplies of sheep and lambs in July were smaller than those in June. This reduction was apparently due to producers holding back shipments in the hope of some recovery in prices. Inspected slaughter amounting to 1,491,000 head was 1.7 per cent smaller than in June but 3.4 per cent larger than in July 1930 which was the previous July record.

The lamb crops in both the native and western sheep States were larger this year than last. The increase amounted to 590,000 head or 6 per cent in the native sheep States and 1,730,000 head or 9 per cent in the western sheep States. The increased lamb crop of this year was due both to the increase in the number of breeding ewes and to an increase in the number of lambs saved per 100 ewes. This increase in lamb production has been reflected in marketings during recent months. Inspected slaughter of sheep and lambs during the first three months of the current marketing year (May, June and July) amounting to 4,451,000 head was 9 per cent larger than in the corresponding months last year.

Because of poor range and pasture conditions and unfavorable prospects for hay and feed supplies in a number of the Western States, sheep men in that area are expected to market a larger than usual proportion of their lamb crop. Unless range conditions improve in the near future, the movement to market will probably be earlier than usual and include a larger than average proportion of unfinished lambs. The peak of the movement of western lambs usually occurs in late September or early October.

WOOL

Trading in wool at Boston was quite active in July and prices moved upward on most grades. Medium grade wools, including 56s and 48s, 50s were especially active during July in contrast with the slowness in these grades during earlier months and their prices were still rising in the early part of August. Monthly consumption of combing and clothing wool in the United States since April has been above the monthly average of 1929. The London Wool Sales closed on July 22 with prices at the highest levels of the series and in many cases, quotations were up to the May levels. In contrast with the seeming strength at the London sales, however, conditions have been unfavorable in foreign consuming centers. The United Kingdom reports ni improvement in the demand for piece goods and lack of orders is keeping mills on short time basis of operation. Future movements in foreign markets are uncertain

pending financial developments in Germany and other continental countries. Apparently the 1931 world wool clip will be larger than the 1930 clip and although stocks have been reduced in the Southern Hemisphere they are probably larger than last year in Europe.

Prices of practically all grades of domestic combing wools strengthened during July. The price of fine, strictly combing territory wool, scoured basis, on the Boston market, for the week ended August 8 was 63.5 cents per pound compared with 61.5 cents per pound on July 3. Territory 3/8 blood (56s) scoured basis was 50.0 cents per pound on August 8 compared with 47.5 cents on July 3. The greatest price advances during July were on 56s and 48s, 50s combing wools which were the grades to show the greatest improvement in demand.

Receipts of domestic wool at Boston were very large during July, and from January 1 to August 1 were 9 per cent above receipts for the same period of 1930 and 46 per cent greater than receipts for the first 7 months of 1929. On the other hand, imports of combing and clothing wool into the United States continue to decline and for June were the lowest for any month since July 1924. Total imports of combing and clothing wool for the first six months of 1931 were only 28 million pounds compared with 52 million pounds imported during the first half of 1930 and 77 million in the corresponding period of 1929.

Consumption of combing and clothing wool in June by manufacturers reporting to the Bureau of the Census was 32,032,000 pounds compared with 30,334,000 pounds in May and 23,547,000 pounds in June 1930. Consumption in recent months has been above the average monthly consumption of 1929 and the reported consumption of 166,659,000 pounds of combing and clothing wool for the first 6 months of the present year was only 9,500,000 pounds less than the consumption reported during the first half of 1929 and was 22 million pounds greater than for the corresponding period of 1930. The increase in consumption of combing and clothing wool during the first half of 1931 was entirely in domestic wools and was in wools of 56s and finer grades.

The 1931 world wool clip is now expected to exceed that of 1930 when production, exclusive of Russia and China, was estimated at 3,151 million pounds compared with 3,191 million pounds in 1929 and 3,210 million produced in 1928, the year of record production. Factors pointing to a larger clip in 1931 are a reported increase of 8 per cent in the Australian clip and and increase of 7 per cent in shorn wool production in the United States together with favorable feed and weather conditions in most important Southern Hemisphere producing countries. The carry-over of wool in Southern Hemisphere countries this year, is about normal, whereas last year it was heavier than usual, but apparently there are increased stocks in some European countries.

COTTON

Cotton prices declined to new low levels during the first part of August due in part to foreign and domestic demand conditions and in part to the prospective supply. Domestic consumption and exports of raw cotton were about the same in July as in June, but sales of standard cotton cloth showed a marked decrease. Total stocks of raw cotton are large, but stocks at mills in the United States are the smallest since 1925. The indicated production in the United States in 1931 is 15,584,000 bales compared with a crop of 13,930,000 bales in 1930. In Egypt, the new crop acreage is estimated at 19.2 per cent below last year while in India the acreage is expected to be about the same or perhaps 1 to 2 per cent above last year. Some increase in acreage is reported in China, but flood damage is expected to result in a slightly smaller crop than in 1930-31. In Russia the acreage increase is about 50 per cent, however, a large part of the acreage being in new regions may result in lower yields per acre.

Cotton prices at the beginning of the present season continued to decline as they have with few interruptions since March 1928. In 1929-30 the average of the 10 spot markets was highest on the first day of the season and lowest on the last day and during the season just closed the high point was reached during the first few days of the season and on July 31 the last day, the average price was within 0.01 cent per pound of the low point. The high point of 12.38 cents for the average of these markets recorded on August 8, 1930 compared with 7.63 cents on the last day of the season, and the monthly average of 11.14 cents per pound for August 1930 compares with an average of 8.66 cents for July 1931. During the past month cotton prices in the 10 markets have declined from 8.53 cents per pound on July 13 to 6.39 cents on August 13, a net decline of 2.14 cents.

Domestic consumption of raw cotton during July amounted to about 451,000 running bales compared with 455,000 bales in June and 379,000 in July 1930, according to the reports of the Bureau of the Census. This brings the total consumption in the United States for the season 1930-31 to 5,271,000 bales compared with 6,106,000 bales in 1929-30 and 7,091,000 bales in 1928-29, a decrease of 13.7 and 25.7 per cent respectively.

Exports during July showed a slight increase compared with June amounting to 259,000 running bales compared with 255,000 bales in June, according to the Bureau of the Census. In July 1930 exports amounted to 176,000 bales and in July 1929 totaled 238,000 bales. This brought total exports for the season to 70,000 bales above the 1929-30 season, the total being 6,760,000 bales compared with 6,690,000 bales. In 1928-29 exports amounted to 8,044,000 or 19.0 per cent above the season just closed. Exports to most countries, however, except France and the Orient were somewhat below last season.

The carry-over of American cotton in the United States at the end of July amounted to 6.3 million running bales compared with 4.3 million bales in 1930, 3.7 million bales in 1927 and 6.4 million bales in 1921, according to reports of the Bureau of the Census. The World carry-over of American cotton at the end of the season just ended was estimated by H. G. Hester, Secretary of the New Orleans Cotton Exchange at 8.7 million bales and Garside of the New York Exchange estimated 9.0 million bales (preliminary). Hester's estimate for last season was 5.9 million bales, Garside's 6.2 million bales, and the Bureau of the Census' 6.2 million bales. In 1921 the Bureau of the Census estimated a world carry-over of slightly over 9 million bales.

In the standard cotton cloth section of the domestic cotton textile industry production during July declined 7.5 per cent but a decline of about 44.5 per cent in sales resulted in a ratio of sales to production of 82.2 per cent, according to reports of the Association of Cotton Textile Merchants of New York. Shipments while lower than in June were above production and resulted in a decrease of 6.5 per cent in stocks. Unfilled orders in July decreased 16.0 per cent as a result of the smaller sales and shipments. The decrease in production and shipments of standard cotton cloths during July was less than during the past three years, but sales during the past three years have been slightly higher in July than in June.

The condition of the 1931 cotton crop in the United States on August 1 indicated a production of 15,584,000 bales of 500 pounds gross. This compares with a production of 13,930,000 bales last year, 14,828,000 bales in 1929 and the record crop of 17,977,000 bales in 1926. The 1925, 1914 and 1911 crops were also larger than the indicated 1931 crop. The indicated yield per acre for the new crop is 185.8 pounds per acre which is 38 pounds greater than last year, 31 pounds above average and is higher than the yield secured in any year since 1914. Except in South Carolina, Georgia and Alabama, the indicated yield per acre in all important producing States is considerably above the yield last year. In Texas even with an 8 per cent decrease in acreage the production in that State is forecast at almost 1 million bales more than in 1930. In some of the other States even a larger increase in yield per acre is indicated.

A preliminary estimate of area planted to cotton in Egypt in 1931 is 1,747,000 acres, a decrease from last year of 415,000 acres or 19.2 per cent. The decrease in the Sakellaridis variety is estimated at 42.8 per cent due in part no doubt, to the law restricting acreage of this variety. In China the acreage in cotton is roughly estimated to be 10 to 15 per cent above last year, but recent damage done by floods make it probable that the cotton crop in China will be slightly smaller than last year. In India the 1931-32 cotton acreage is expected by Bombay cotton merchants to be about the same as last year with possibly an increase of 1 or 2 per cent and in Chosen the acreage for the new crop is estimated at 461,000 acres compared with 463,000 acres in 1930-31. Russian acreage is reported at 5,824,000 acres or 50.5 per cent above last year. The fact that much of this acreage is in new producing regions makes it possible that yields per acre will be less than last year.

Business Statistics Relating to Domestic Demand

Year and mo.	Industrial Production 1/ (1) 1923-1925 = 100	(2) Trend = 100	(3) June 1929 = 100	Factory pay-rolls 2/	Factory employment 2/	Commodity Prices: At farms 3/	U.S. Wholesale: 1910-1914 = 100	U.S. Wholesale 4/: 1926 = 100	Foreign 5/	Interest rates 6/	Industrial stock prices 7/
1929											
June	126	113	100	110	102	135	141	96	93	6.00	315
July	124	111	98	109	102	140	143	98	94	6.00	344
Aug.	123	110	97	110	102	143	143	98	93	6.03	361
Sept.	122	109	96	110	101	141	142	98	94	6.12	365
Oct.	118	105	93	106	100	140	141	96	93	6.09	321
Nov.	108	96	85	101	98	136	138	94	92	5.55	233
Dec.	101	90	79	98	95	135	138	94	91	5.00	247
1930											
Jan.	104	92	81	97	94	134	136	93	90	4.89	252
Feb.	107	94	83	95	93	131	134	92	88	4.65	268
Mar.	104	92	81	94	92	126	133	91	86	4.18	277
Apr.	107	94	83	95	92	127	132	91	86	3.88	288
May	104	91	80	93	91	124	130	89	84	3.69	269
June	100	88	77	91	89	123	127	87	84	3.54	239
July	95	83	73	85	86	111	123	84	83	3.16	232
Aug.	91	79	70	82	85	108	123	84	83	3.00	231
Sept.	91	79	70	83	84	111	123	84	81	3.00	232
Oct.	87	76	67	78	83	106	121	83	79	3.00	196
Nov.	85	74	65	74	81	103	117	80	79	2.90	182
Dec.	82	71	62	73	79	97	114	78	77	2.88	170
1931											
Jan.	83	72	63	70	78	94	112	77	76	2.80	168
Feb.	86	74	65	72	77	90	110	76	75	2.62	181
Mar.	88	76	67	72	78	91	109	74	75	2.55	182
Apr.	90	77	68	72	78	91	107	73	75	2.38	162
May	89	76	67	71	78	86	104	71	73	2.20	143
June	85	72	64	68	76	80	102	70	73	2.02	138
July						79					143

1/ Federal Reserve Board, 1923-1925 = 100. (1) adjusted for seasonal.
(2) adjusted for seasonal and trend.
(3) per cent of peak in June, 1929.
2/ Federal Reserve Board, 1923-1925 = 100, adjusted for seasonal.
3/ U.S.D.A., Aug., 1909-July, 1914 = 100.
4/ Bureau of Labor Statistics.
5/ Weighted average of indexes for eight foreign countries-United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands, 1926 = 100.
6/ Commercial paper at New York, adjusted for seasonal.
7/ Dow-Jones index.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release September 15, 1931

THE PRICE SITUATION, SEPTEMBER 1931

FARM PRICES

The index of farm prices of August 15 was 75 compared with 79 for July 15 and 108 for August 15 last year. A sharp break in cotton prices and continued declines in prices of grains, fruits and vegetables between July 15 and August 15 were largely responsible for the decline in the index. Since August 15 market prices for corn and potatoes have declined sharply and prices of cotton, wheat, apples, hogs and lambs have also shown a downward trend. This has been partially offset, however, by some advance in prices of cattle, butter and barley.

GENERAL COMMODITY PRICE LEVEL

The general level of wholesale commodity prices during the first part of September was practically unchanged from early in August. Declining prices for farm products during the past month have been offset by advancing prices of fuels. The sharp curtailment in crude oil production has advanced prices of petroleum products materially and raised the index of fuel prices six points during the past month. For the past 3 months the index of wholesale commodity prices has remained steady at about the 1910-14 average price level.

BUSINESS CONDITIONS

Industrial production in August was at the lowest level so far in this depression due largely to the unusually low level of activity in the pig iron, steel, and automobile industries. Building activity also continues at low levels and freight car loadings have not shown the usual seasonal increase. Business activity usually shows a seasonal pick-up during September, but no marked improvement was noted during the first half of the month. Production in many of the industries which produce consumers goods, however, has continued at a high level and progress has been made in stabilizing financial conditions in England, Germany, and other central European countries.

WHEAT

During the first week of September prices of winter wheat were lower than in mid-August, but spring wheat prices were somewhat higher. In the second week of September there was some recovery in prices, September futures at Chicago closing on September 12 at 48-1/8 cents per bushel compared with 46-1/2 cents a week earlier and the low closing level of 45-1/2 cents on September 2. Price movements at Chicago were similar to those in the principal world markets. The decline during the latter part of August and early September appears to have been associated

with the continued large stocks of wheat in exporting countries and more particularly with heavy shipments from Russia. Russian shipments during the first 11 weeks of the current season have amounted to 30 million bushels compared with 10 million during the corresponding 11 weeks of last season, despite reports indicating that the Russian wheat harvest is smaller this year than last. The heavy movement of Russian grain has taken place earlier this year than last year, and appears to be primarily fall-sown wheat, while last year's shipments were largely of spring wheat.

Developments during August resulted in a further reduction of the indicated yields of spring wheat in the United States, the September 1 estimate of durum wheat production being 20 million bushels against 23 million indicated a month earlier, and production of other spring wheat being estimated at 91 million bushels against 95 million bushels for August 1.

CORN

Corn prices made marked declines during August. At Chicago No. 3 Yellow averaged 59.4 cents during the first week of August, but had declined to 44.5 cents per bushel for the week ended September 4. There has been relatively little change in the price of December futures since about the middle of August, prices for this future at Chicago having ranged around 38 to 39 cents per bushel. The sharp decline in cash corn prices followed the squeeze in July futures and has been accompanied by a slow commercial demand. This has prevented commercial stocks from declining materially despite smaller receipts. Commercial stocks of corn as of September 5 amounted to 8.1 million bushels compared with 4.9 million a year ago. The United States corn crop indicated by September 1 conditions amounts to 2,715 million bushels, or 60 million bushels smaller than the crop indicated by August 1 conditions.

FLUE-CURED TOBACCO

The prices of flue-cured tobacco continue to be affected by relatively large supplies and the uneven distribution of demand. The grades and qualities of flue-cured tobacco suitable for cigarette making in America and the United Kingdom have been selling at prices which compare favorably with 1929 and 1930, and have shown some improvement as the season has advanced. On the other hand, the grades and qualities normally exported to other countries continue to sell at very low prices. In the Georgia district sales during the first 5 weeks of the season, when practically the entire crop is marketed, averaged 6.58 cents per pound compared with 9.87 cents for the same period last year.

The indicated production of flue-cured declined about 2 per cent during the past month, due principally to rain damage in eastern North Carolina. However, the total supply still is about 5 per cent less than the record supply of 1930, while it is 4 per cent greater than that in 1929.

APPLES

The apple crop as of September 1 was forecast at 223 million bushels compared with a crop of 164 million bushels last year and a 5-year average production of 174 million bushels. The commercial crop was forecast at 39 million bushels compared with 34 million last year. Farm prices declined 108 cents per bushel on July 15 to 77 cents on August 15 and prices at the principal markets since the middle of August have continued weak.

POTATOES

The farm price of potatoes declined to 77.4 cents on August 15 or less than 6 cents below July 15 but marked declines have occurred in the leading markets since the middle of August. During the first week of September prices at New York averaged about 30 cents per hundred pounds below the average for the second week of August. Prices at Chicago during this period made even greater declines, prices for most varieties showing declines of 40 to 45 cents per hundred pounds. Prices in the leading markets are now 80-90 cents below the same time last year. The production of potatoes in the intermediate and late States was forecast at 296 million bushels from conditions September 1 or only 6 million bushels larger than the production in these States last year.

RICE

Prices of both Southern and California old-crop milled rice declined slightly from August 15 to September 15. The September 1 forecast for rice production in California is 7,500 million bushels compared with 7,288 million harvested last year. The forecast of production in the 3 Southern States of 32,950 million bushels is slightly smaller than the 34,031 million harvested last year. Prices of Rough Early Prolific, and Lady Wright declined during the week ended September 8 due to increased harvesting. Price of Early Prolific ranged mostly from $1.65-1.75 and Lady Wright from $2.50-2.70 per barrel. New crop rough rice in California was sharply lower with prices ranging from $1.60-1.80 per 100 pounds at growers' fields.

HOGS

Hog prices declined sharply during August, and reached the lowest level for that month since 1907. The August average at Chicago was $5.98 as compared with $6.33 in July and $9.58 in August, 1930. The price of light weight hogs declined more than the price of heavy weights, due largely to the inferior quality of light weights and the increasing proportion of such kinds in the market supply. Federally inspected hog slaughter during August, amounting to 2,500 million head, was 9.6 per cent smaller than that of July and 8.2 per cent smaller than in August, 1930. Storage supplies of pork on September 1 were 8 per cent larger than on that date in 1930, but were 11 per cent smaller than the 5-year September 1 average. Lard stocks were 8 per cent larger than a year ago but 37 per cent under the 5-year average.

CATTLE

Prices of the better grades of slaughter cattle advanced steadily during the 4 weeks ended August 29, declined during the following week, then advanced slightly during the week ended September 12. Prices of the lower grades of slaughter cattle and of stockers and feeders advanced during the first 3 weeks of August, then declined during the 2 weeks ended September 5, and remained steady during the following week. The average of all grades of beef steers at Chicago during August was $8.53 compared with $7.62 in July and $9.48 in August 1930. Although supplies of choice beef steers decreased more than seasonally during August, total Federally inspected cattle slaughter, amounting to 727,260 head was 3 per cent larger than in July and 3.9 per cent larger than that of August, 1930. A relative scarcity of heavy cattle during August resulted in a marked reduction in the price spread between the heavy and light weights. Stocker and feeder shipments from 12 markets to 7 States were 63 per cent larger than the unusually small movement in August last year but were 12 per cent under those of August, 1929.

EGGS

Egg prices advanced during August, although not as much as usual. The farm price of eggs on August 15 of 17.3 cents was 2.5 cents above the July 15 price, but 4.3 cents below that of August 15 last year. Receipts of eggs continued light during August and cold-storage holdings made about the usual seasonal decrease. United States cold-storage holdings on September 1 were 9.0 million cases, compared with 10.4 million cases last year and a 5-year average of 9.6 million cases.

POULTRY

Receipts of poultry at the four principal markets during August were the largest on record. Cold-storage holdings which for the past few months have been somewhat less than average, increased sharply and on September 1 were slightly above average. Prices, however, continued firm. The farm price on August 15 of 16.2 cents was 0.4 cents higher than on July 15, whereas prices usually decline slightly from July to August.

BUTTER AND CHEESE

Poor pasture conditions in the principal butter producing States caused more than the usual seasonal decline in butter production from June to August and prices continued their upward trend during August and the first half of September. With the decrease in production and rise in prices there was a large net out-of-storage movement during August, a month in which there is usually a net into-storage movement. Cold-storage holdings on September 1 were only 105 million pounds compared with 143 million pounds on September 1 last year and a 5-year September average of 150 million pounds. Cheese prices have also advanced due to curtailed production and low cold-storage holdings.

LAMBS

Lamb prices during August averaged only slightly lower than during July. Good to choice lambs at Chicago averaged $7.58 per 100 pounds during August, as compared with $7.67 in July and $9.40 during August, 1930. During the two weeks ended September 12, receipts increased and prices declined sharply. Inspected slaughter of sheep and lambs during August, amounting to 1,598,000 head was 7.2 per cent larger than that of July and 13 per cent larger than that of August, 1930, which was the previous August record. Prices of stocker and feeder lambs advanced during the month and shipments of such lambs were much larger than in August, 1930.

WOOL

The wool market at Boston was rather quiet during the last half of August and first part of September, due mainly to seasonal factors. Prices remained firm however, and on 3/8 blood and lower grades of domestic wool some increases were reported.

Activity in wool manufacturing in the United States continued at unusually high levels during July, the consumption of combing and clothing wool during that month being the highest reported for any month since May, 1923.

Production in the United States, Australia, and the Union of South Africa, where almost 50 per cent of the world total, exclusive of Russia and China, is produced, is now estimated at 1,628 million pounds, an increase of 7 per cent over the 1930 production. Total receipts of domestic wool at Boston for the first 8 months of 1931 were 213 million pounds while during the same period of 1930 about 220 million pounds had arrived and 164 million pounds were received in the first 8 months of 1929.

COTTON

Cotton prices declined about one and one-half cents during the first half of August and on August 19 the average of the ten markets was 5.89 cents per pound. During the latter half of August prices advanced to 6.53 cents but this was followed by a decline to below 6 cents in early September and prices have since fluctuated around 6 cents per pound. The September crop report indicated a production this year of 15,685,000 bales of 478 pounds net which is 101,000 bales more than the August report, and 12.6 per cent above the 1930 crop. Cotton consumption in the United States during August declined about 25,000 bales from July, but was considerably above 1930, and amounted to about 426,000 bales compared with 451,000 bales in July and 353,000 bales in August, 1930. The situation in the domestic standard cotton cloth industry showed a slight improvement during August with production sales and shipments all above July and a decrease of 6.9 per cent in stocks on hand. Sales, however, were below shipments resulting in a decrease in unfilled orders. Exports were considerably lower than in July and almost 40 per cent below August last year. About half of the exports during August went to Japan and China.

Business Statistics Relating to Domestic Demand

Year and mo.	Industrial production 1/ (1) 1923-1925 =100	(2) Trend =100	(3) June 1929 =100	Factory pay-rolls 2/	Factory em-ployment 2/	Commodity prices: At farms 3/	U.S. Wholesale 4/ 1910-1914 =100	U.S. Wholesale 4/ 1926 =100	Foreign 5/	Interest rates 6/	Industrial stock prices 7/
1929											
June	126	113	100	110	102	135	141	96	93	6.00	315
July	124	111	98	109	102	140	143	98	94	6.00	344
Aug.	123	110	97	110	102	143	143	98	93	6.03	361
Sept.	122	109	96	110	101	141	142	98	94	6.12	365
Oct.	118	105	93	106	100	140	141	96	93	6.09	321
Nov.	108	96	85	101	98	136	138	94	92	5.55	233
Dec.	101	90	79	98	95	135	138	94	91	5.00	247
1930											
Jan.	104	92	81	97	94	134	136	93	90	4.89	252
Feb.	107	94	83	95	93	131	134	92	88	4.65	268
Mar.	104	92	81	94	92	126	133	91	86	4.18	277
Apr.	107	94	83	95	92	127	132	91	86	3.88	288
May	104	91	80	93	91	124	130	89	84	3.69	269
June	100	88	77	91	89	123	127	87	84	3.54	239
July	95	83	73	85	86	111	123	84	83	3.16	232
Aug.	91	79	70	82	85	108	123	84	83	3.00	231
Sept.	91	79	70	83	84	111	123	84	81	3.00	232
Oct.	87	76	67	78	83	106	121	83	79	3.00	196
Nov.	85	74	65	74	81	103	117	80	79	2.90	182
Dec.	82	71	62	73	79	97	114	78	77	2.88	170
1931											
Jan.	83	72	63	70	78	94	112	77	76	2.80	168
Feb.	86	74	65	72	77	90	110	76	75	2.62	181
Mar.	88	76	67	72	78	91	109	74	75	2.55	182
Apr.	90	77	68	72	78	91	107	73	75	2.38	162
May	89	76	67	71	78	86	104	71	73	2.20	143
June	84	72	63	68	76	80	102	70	73	2.02	138
July	83	71	62	67	75	79	102	70	72	2.00	143
Aug.						75					139

1/ Federal Reserve Board, 1923-1925 = 100. (1) adjusted for seasonal
(2) adjusted for seasonal and trend.
(3) per cent of peak in June, 1929.

2/ Federal Reserve Board, 1923-1925 = 100, adjusted for seasonal.

3/ U.S.D.A., August 1909 - July, 1914 = 100.

4/ Bureau of Labor Statistics.

5/ Weighted average of indexes for eight foreign countries-United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands, 1926=100.

6/ Commercial paper at New York, adjusted for seasonal.

7/ Dow-Jones index.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

THE PRICE SITUATION, OCTOBER 1931

FARM PRICES

The index of prices received by farmers as of September 15 reached the lowest level so far in this price depression. Since then further recessions in crop prices have been only partly offset by advances in prices of livestock and livestock products, with the result that the average of farm prices during the second week of October remained below the September level.

Between August 15 and September 15 the index of farm prices declined from 75 per cent of the pre-war level to 72 compared with 111 a year ago. All groups of the index shared in this decline except dairy and poultry products which made seasonal advances. The index of grain prices declined 4 points to 50 compared with 100 last year; fruits and vegetables declined 27 points to 83 compared with 148 last year when they were being sustained by smaller supplies than those of the present season; meat animals declined 6 points to 86 compared with 128 a year ago; cotton declined 6 points to 47 compared with 83 a year ago; dairy and poultry prices advanced 4 points to 93 compared with 123 a year ago, prices of butter and eggs contributing to this advance while prices of chickens declined.

Between the middle of September and the second week of October grain prices declined somewhat further, potato prices declined considerably in response to improvement in growing conditions and increased seasonal marketings, cotton prices also declined, while prices of cattle and hogs advanced and prices of butter and eggs continued their seasonal advances.

The decline in the general average of prices received by farmers was not offset by comparable declines in prices paid by farmers for the things they buy. During September the index of prices paid by farmers was approximately 127 per cent of pre-war prices. The purchasing power of farm products, therefore, averaged 57 per cent of their pre-war purchasing power, compared with 59 in August and 76 a year ago.

GENERAL COMMODITY PRICE LEVEL

In contrast with the declining trend of the past two years the general wholesale commodity price level in the United States has remained practically unchanged during July, August and September with a slight downward tendency in recent weeks. According to the index of the Bureau of Labor Statistics, when expressed as percentages of the pre-war averages, the average of "all commodities" remained at 102 per cent during the three month period June - July - August and judging from the weekly indexes of the Annalist, at only slightly below that average during September and the first week of October.

Prices of farm products which averaged 92 per cent of pre-war in June, 91 per cent in July and 89 per cent in August, declined during September, food prices which advanced slightly from 112 per cent in June to 114 in August also declined somewhat during most of September but strengthened during the last week of September and the first week of October. These movements in farm and food products have tended to offset each other in their influence on the general commodity price index.

Prices of non-agricultural commodities at wholesale (other than farm and food products) averaged 106 per cent of pre-war levels during June and July and 107 per cent during August the one point advance reflecting largely higher fuel prices which were maintained throughout September, but prices of metals, building materials and textile products were lower during the last part of September and the first part of October.

In relation to their pre-war levels, farm product prices at wholesale (as of October 6) averaged about 82, foods 114 and nonagricultural commodities (other than farm and food products) 106.

BUSINESS CONDITIONS

The downward course in business activity during the past four months has more than wiped out the improvement of the first part of the year. Some improvement in the volume of business took place in September, but this improvement was less than the usual seasonal amount. After adjusting for seasonal tendencies September witnessed the lowest level of industrial activity so far during this depression.

According to the Federal Reserve Board industrial production for August averaged 80 per cent of the 1923-1925 level compared with 90 in April, the highest point for 1931 and 82 last December the previous lowest point of this depression. The August level of activity was approximately 30 per cent below the level that might be expected under normal conditions and about 40 per cent below the peak of activity reached in the summer of 1929. Factory employment and payrolls also receded further below the lowest levels of last winter, with factory payrolls showing a greater recession than the decline in the number employed. These tendencies appear to have prevailed also during September, as may be judged from the further recessions in freight car loadings and in production of iron, steel and automobiles.

New elements have recently appeared in the business situation. One of these, of international significance, is England going off the gold standard on September 21, followed by similar action on the part of certain other European countries. Among the visible effects of this event are rising commodity prices in England, reflecting the lowered value of British currency, and purchases of gold by European banks from the United States resulting in a considerable reduction of our record supply of monetary gold. This reduction in gold stocks has been accompanied by offsetting increases in sales of Government securities and of bills to the Federal Reserve Banks. It has also been accompanied by increased borrowing on the part of

member banks from the Federal Reserve Banks which has been attributed not to an increase in demand for credit for commercial purposes but to the withdrawal of deposits by those who, fearing the depression, are hoarding their money. In view of this increased borrowing from the Federal Reserve Banks, and the rapid reduction of gold stocks, the rediscount rate at New York has been advanced from the unusually low level of $1\frac{1}{2}$ per cent to $2\frac{1}{2}$.

The other event of potentially great significance in domestic business conditions is the organization of new credit facilities which are now in progress, intended to release funds and credit for productive and commercial purposes. Speculative sentiment has interpreted these recent developments favorably for prices of industrial stocks after sharp recessions to new lows on October 3, made rapid recoveries during the week of October 5.

WHEAT

The United States average farm price of wheat as of September 15 was 35.7 cents per bushel compared with 35.4 cents in August, and 70.3 cents in September 1930. Cash prices at the principal United States markets as well as farm prices showed little change from September levels. There has been little change in world supplies, current wheat stocks continuing burdensome but reported production still being below that of 1930-31.

Cash wheat prices in the principal United States markets registered only small changes during September and early October. In the first half of September there was a small rise which was followed by a similar decline during the last half of the month. Prices reached their lowest levels of this decline early in October, but by the tenth of the month they had risen again to about the same levels as those which prevailed in mid-September.

As both British and Canadian currencies went off the gold standard during the latter part of September, wheat prices at Liverpool and Winnipeg have since been affected by the fluctuating exchanges. At Liverpool prices in terms of English currency rose during the latter part of September, but there was a decline in prices converted to the gold basis. On October 10 Liverpool December futures, converted at the current rate of exchange, closed at 55-1/8 cents per bushel or about 5 cents above Chicago. On September 15, on the other hand, Liverpool December futures had closed at 58-1/8 cents per bushel or nearly 8 cents above Chicago. At Winnipeg, December futures closed on October 10 at 49-5/8 cents (gold basis) compared with 52-3/4 cents September 15, while on the corresponding dates December futures at Chicago closed at 50 and 50-5/8 cents respectively.

There has been little change during the past month in the outlook for wheat supplies, but demand has been affected by the financial difficulties of foreign countries. Fairly heavy shipments from Russia continue, but the volume of these has decreased in each of the past four weeks, while a year ago Russian shipments were on the increase. The movement of Russian wheat in volume began earlier this year than last, shipments in the months July-September amounting to 43 million bushels this year, compared with 19 million last year. Total shipments from the principal exporting countries during the first three months of the current season have been practically the same as those of the corresponding period last year. Shipments from Argentina, Australia and the Danube Basin, as well as from Russia, have been greatly in excess of last year's levels, while North American and Indian shipments have been smaller. Available supplies in North America, however, continue large despite the short crop in Canada and in the spring wheat regions of the United States. The smaller volume of shipments apparently is due to unwillingness to sell freely at present price levels.

In the Southern Hemisphere prospects for the new crop have been fairly favorable, but there have been drastic reductions of acreage in both Argentina and Australia. Normally, Southern Hemisphere crops are of especial importance in supplying world import needs during the months from January to June, and it is during this period that their effect is especially likely to be felt in the world markets.

CORN

The United States farm price of corn averaged 43.2 cents per bushel as of September 15, compared with 50.8 cents in August and 94.0 cents in September, 1930. At the September level, however, the United States average price of corn was still higher than that of wheat. At the principal markets, there was also some decline in corn prices, No. 3 Yellow at Chicago averaging 41.8 cents in September compared with 45.7 cents in August. Most of the decline in market prices took place during the latter part of the month and there was no significant recovery in early October, the average of No. 3 Yellow at Chicago being 38.7 cents for the week ended October 2 and 36.5 cents per bushel for the week ended October 9.

The decline in prices of cash corn was apparently partly associated with the beginning of harvest of the new crop, but December futures at Chicago also declined from a level of around 38 cents per bushel during early September to around 35 cents per bushel during late September and early October. There has, however, been little change in the prospect for the new crop, the October 1 forecast of the Crop Reporting Board being 2,703 million bushels compared with a forecast of 2,715 million as of September 1.

Receipts of corn during September were very small amounting to only about half their normal level. At the 14 primary markets, September receipts amounted to 8.2 million bushels compared with 16.1 million in September, 1930, and the 5-year average of 17.9 million bushels. In spite of extremely small receipts, commercial stocks declined only moderately, and on October 10 amounted to 6.3 million bushels compared with 4.7 million a year earlier and 8.1 million bushels the week ended September 5 of this year.

RICE

Prices of milled rice in the Southern Belt declined during September. Fancy Blue Rose at New Orleans averaged $3.12 per 100 pounds for the month as compared to $4.17 for September 1930. By the second week of October this variety and grade had further declined to $3.00 which is the lowest point since the spring of 1921. Rough rice prices were likewise low during September. No. 2 Early Prolific averaged from $1.55 to $1.60 per barrel during September. No. 2 Blue Rose averaged from $2.40 to $2.45 for the month. There was, however, very little new crop blue rose on the market during September.

The 1931 crop for the United States, based on conditions as of October 1, was reported to be 41,668,000 bushels, which is somewhat larger than the 1930 crop. The carry-over as of August 1 was estimated to be equivalent to 118 million pounds of milled rice, about the same as the carry-over a year before. Thus, supplies of rice appear to be about the same for the 1931-32 season as for the 1930-31 crop year. The movement of new crop rice from farms to mills in the Southern Belt was unusually heavy during September. Mills report having received about 1,442,000 barrels during the month. These receipts are larger than for any September on record, the nearest approach being September 1929 when receipts totaled 1,388,000 barrels. The movement of milled rice into consumption channels during September was reported to be 852,000 pockets (100 pounds). This is likewise the largest movement from mills for any September on record but only slightly larger than September 1927 and September 1929. Stocks of rough and milled rice in millers hands on October 1 were reported to be the equivalent of 1,291,000 pockets of milled rice which is the largest stocks as of this date since 1927. Reports during the first half of October indicate, however, that movement from farms was relatively lighter than during September. The movement of milled rice to Porto Rico and Hawaii during September was somewhat below normal. To Porto Rico shipments amounted to 8,744,000 pounds, which is below average for September. To Hawaii, however, shipments amounted to 6,486,000 pounds as compared to 5,802,000 for September 1930. Exports of milled rice during September are usually not very high. During September 1931 exports amounted to about five and one-half million pounds as compared to 4,749,000 during September 1930 and a 5-year average of between 5 and 6 million pounds.

Prices of milled rice at San Francisco declined during September. Fancy California-Japan was quoted on the San Francisco market at $3.52½ per 100 pounds on October as compared to $3.70 per 100 pounds for the first week of October 1930. Domestic takings of California rice are reported to be small. Exports of this variety during the past month have also been small. Shipments to Hawaii, however, were somewhat above normal for September. The Japanese rice crop is officially reported to be the equivalent of 18,210,000,000 pounds of cleaned rice. This is the smallest crop since 1926 when only about 17,465,000,000 pounds were harvested. Owing to the record crop of 21 billion pounds harvested last year and the unusually large carry-over, the 1931-32 domestic supplies of rice in Japan appear to be about average. December futures prices at Tokio advanced from $3.11 per 100 pounds on October 1 to $3.16 on October 6. The quotation for No. 1 Brown rice at San Francisco on the latter date was $3.00 per 100 pounds. A spread of from 80 cents to a dollar per 100 pounds between the San Francisco and Tokio price usually

exists when Japan is buying this grade of rice in the San Francisco market.

EGGS

Egg prices advanced during September although, as in August, not so much as usual. Fresh extras at New York averaged 24.2 cents per dozen as compared to 23.6 cents in August and 30.4 cents a year ago. Firsts are somewhat more favorable as compared to last year, 21.1 cents and 25.1 cents respectively. The farm price has had a greater seasonal rise, 17.3 to 19.1 cents from August 15 to September 15.

Receipts of eggs at the four markets during September were slightly below those of September a year ago, being 894,000 cases as compared to 902,000 cases. United States cold storage stocks on October 1 were below the very high holdings of October 1, 1930 being 7,959,000 cases as compared to 9,174,000 cases and a 5-year average of 8,184,000 cases.

CHICKENS

While the farm price of chickens declined somewhat from August 15 to September 15 it is still on a high level as compared to the price last spring. The farm price of 15.7 cents is a half cent below that in August. Receipts of dressed poultry at the four markets during September were very heavy, 32.1 million pounds as compared to 24.5 million pounds a year ago. United States cold storage stocks of frozen poultry on October 1 were above those of October 1, 1930, being 56,183,000 pounds as compared to 46,938,000 pounds and a 5-year average of 48,093,000 pounds.

BUTTER AND CHEESE

Prices of 92 score butter in New York advanced 5 cents during September and continued steadily upward through the first half of October to 35.5 cents on October 13. Production continued lighter during September than last year, although according to preliminary estimates the difference was slight. Stocks held in cold storage on October 1 were the lowest for that date on record, amounting to 80,173,000 pounds compared with 131,489,000 pounds last year and a 5-year average of 138,168,000 pounds. London prices rose slightly but when converted to American money at current exchange rates they have declined. This has widened the margin of domestic over foreign prices to approximately 14 cents per pound, the amount of the present tariff.

Cheese stocks amounted to 65,832,000 pounds on October 1, the lowest October 1 holdings since 1927. Last year 85,076,000 pounds were in storage, which however, was above the 5-year average of 78,965,000 pounds. Cheese prices remained practically unchanged during September and early October at 16.5 cents or slightly higher than the August average.

WOOL

The uncertainty in foreign wool centers caused by the suspension of the gold standard in Great Britain, together with a quiet domestic goods market and labor troubles in New England wool manufacturing centers have had their effect on the domestic wool market which was very quiet during the last half of September and early October. Slight downward revisions in prices were reported on practically all grades in the weeks ended October 3 and 10. The price of fine, strictly combing territory wool, scoured basis, for the week ended October 10 averaged 59.5 cents per pound compared with 63.5 cents per pound for the week ended September 12. Three-eighths blood (56's) territory, strictly combing, scoured basis, averaged 49 cents a pound for the week ended October 10 compared with 51.5 cents per pound a month earlier.

Prices at the opening of the London sales on September 15 were below those at the July series but as the decline had been fully expected it had little effect in domestic wool centers. With the suspension of the gold standard in Great Britain on September 20 and the rapid fall in the exchange value of the pound sterling, wool prices at London in terms of gold declined rapidly for a few days. Subsequent increases in wool prices in British currency soon offset the difference in exchange and prices in terms of American currency at the close of the sales on October 7 were generally equal to and in some cases slightly higher than at the opening of the series. Prices in Southern Hemisphere centers appear to have kept pace with prices at London and competition at Australian sales has been good. Business in Bradford wool circles has shown improvement since September 20.

Consumption of wool reported by United States manufacturers showed a slight recession in August compared with the high level of July but was still considerably above that of other recent months. Reported consumption of combing and clothing wool in August was 37,088,000 pounds compared with 38,834,000 in July and 24,976,000 pounds in August 1930. Imports of combing and clothing wool remain very small but carpet wool imports for the first 9 months of the present year were more than 20 million pounds larger than those for the same period of 1930.

An increase of 6 per cent is reported in the combined clips of Australia, New Zealand, Union of South Africa and the United States which produce more than half of the world clip exclusive of Russia and China. It is now believed that the Argentine clip will be about equal to that of last year but a decrease is indicated for Uruguay.

COTTON

Cotton prices declined generally throughout September and into early October. At the low point on October 5, middling spot cotton at the 10 markets was 4.89 cents per pound. After that prices rose and on October 13 the average was 5.69 cents per pound. The farm price on September 15 averaged 5.9 cents compared with 9.9 cents a year earlier.

Conditions on October 1 indicated a production of 16,284,000 bales. The crop of 1930 amounted to 13,932,000 bales. World stocks of American

cotton in various locations on August 1 are reported to have been about 8.8 million bales, compared with 6.4 million bales a year ago. The total supply for the present season is therefore indicated to be over 25 million bales, nearly 5 million bales larger than last year and over $1\frac{1}{2}$ million bales larger than the previous record supply of 1926-27.

Consumption in the United States amounted to 464,000 bales in September compared with 426,000 bales in August and 393,000 bales in September last year. Exports of raw cotton amounted to 558,000 bales compared with 211,000 in August and 903,000 in September, 1930. Exports to Europe are still relatively low while exports to the Orient continue high.

Weekly average production of standard cotton cloth increased as is usual in September and the level of production was higher than that of September last year, but lower than September for any of the 3 previous years. Sales increased as usual in September and were somewhat above production. Stocks and unfilled orders are both rather low.

HOGS

Hog prices declined from August into September. Prices at the farm per 100 pounds in August averaged $6.25 and at the middle of September $5.44. The pre-war September average was $7.49 per 100 pounds. The lowest level for the season to date was reached in Chicago in the first week of October. The low level reached in that week was followed by some improvement. Marketings increased from August into September as usual. Even at the low price level now prevailing for hogs, grain prices are sufficiently low to be favorable for feedings. The corn-hog ratio of prices on farms in September was 12.6, as compared with 11.5 in July and a pre-war September average of 11.3.

CATTLE

Beef cattle prices on the farm continued fairly steady from August to September. Prices at Chicago for good steers the first week of October averaged $8.73 compared with $8.77 the first week of September. Receipts at markets in September were not only smaller than in August, which is unusual, but were the smallest for the month in many years. Stocker and feeder shipments from 12 markets into seven States which in August were much larger than a year earlier, in September were smaller than in the corresponding month of 1930. Cattle on the range are reported to be generally only in fair to good condition. Shipments from dry sections have been heavy, with a decided tendency to hold cattle where feed and finances permit. Stock cows and heifers are being held to maintain breeding herds.

LAMBS

Lamb prices at the farm declined moderately from August to September, and are below the pre-war average for September. In Chicago slaughter lamb prices declined from $7.34 the first week in September to $6.25 the last week in the month. This was followed by some improvement, most of which was lost, however, later in October. Fall feed on the range for sheep is reported as only poor to fair except in the Southwest where it is good. But sheep are generally in fair to good flesh except in dry sections. In the northern portion of the range there is a larger than usual proportion of feeder lambs.

Winter sheep ranges in Utah, Nevada, Idaho, Oregon, Montana, South Dakota, Colorado, and northeastern Wyoming are poor with little water available. Sheep men in this territory are facing a serious financial problem in securing feed to supplement short ranges.

FLUE-CURED TOBACCO

Prices received by farmers for flue-cured tobacco, marketed up to October 1, averaged about 8.85 cents per pound which was approximately 20 per cent less than for the same period in 1930. As a rule about one-third of the total production has been marketed by October 1 and it appears that the rate of marketing this year has been fully as rapid as usual.

Lower prices have been received for each of the flue-cured types. Georgia sales have averaged about 35 per cent less than a year ago; South Carolina, about 17 per cent less; and North Carolina, about 20 per cent less. Leaf suitable for use in cigarette manufacture is in good demand and continues to bring relatively high prices but the grades and qualities used for other purposes have sold at lower prices. The total supply this year is about 5 per cent less than the record supply of 1930, while it is 4 per cent greater than that of 1929.

Business Statistics Relating to Domestic Demand

Year and mo.	Industrial production 1/ (1) 1923-1925 =100	(2) Trend = 100	(3) June 1929 =100	Factory payrolls 2/	Factory employment 2/	Commodity At farms 3/	U.S. Wholesale 4/ 1910-1914 =100	U.S. Wholesale 4/ 1926 =100	Foreign 5/	Interest rates 6/	Industrial stock prices 7/
1929											
June	126	113	100	110	102	135	141	96	93	6.00	315
July	124	111	98	109	102	140	143	98	94	6.00	344
Aug.	123	110	97	110	102	143	143	98	93	6.03	361
Sept.	122	109	96	110	101	141	142	98	94	6.12	365
Oct.	118	105	93	106	100	140	141	96	93	6.09	321
Nov.	108	96	85	101	98	136	138	94	92	5.55	233
Dec.	101	90	79	98	95	135	138	94	91	5.00	247
1930											
Jan.	104	92	81	97	94	134	136	93	90	4.89	252
Feb.	107	94	83	95	93	131	134	92	88	4.65	268
Mar.	104	92	81	94	92	126	133	91	86	4.18	277
Apr.	107	94	83	95	92	127	132	91	86	3.88	288
May	104	91	80	93	91	124	130	89	84	3.69	269
June	100	88	77	91	89	123	127	87	84	3.54	239
July	95	83	73	85	86	111	123	84	83	3.16	232
Aug.	91	79	70	82	85	108	123	84	83	3.00	231
Sept.	91	79	70	83	84	111	123	84	81	3.00	232
Oct.	87	76	67	78	83	106	121	83	79	3.00	196
Nov.	85	74	65	74	81	103	117	80	79	2.90	182
Dec.	82	71	62	73	79	97	114	78	77	2.88	170
1931											
Jan.	83	72	63	70	78	94	112	77	76	2.80	168
Feb.	86	74	65	72	77	90	110	76	75	2.62	181
Mar.	88	76	67	72	78	91	109	74	75	2.55	182
Apr.	90	77	68	72	78	91	107	73	75	2.38	162
May	89	76	67	71	78	86	104	71	73	2.20	143
June	84	72	63	68	76	80	102	70	73	2.02	138
July	83	71	62	67	75	79	102	70	72	2.00	143
Aug.	80	68	60	64	74	75	102	70		1.96	139
Sept.						72					119

1/ Federal Reserve Board, 1923-1925 = 100. (1) adjusted for seasonal.
(2) adjusted for seasonal and trend.
(3) per cent of peak in June, 1929.

2/ Federal Reserve Board, 1923-1925 = 100, adjusted for seasonal.

3/ U.S.D.A., August 1909 - July, 1914 = 100.

4/ Bureau of Labor Statistics.

5/ Weighted average of indexes for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands, 1926 = 100.

6/ Commercial paper at New York, adjusted for seasonal.

7/ Dow-Jones index.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release November 17, 1931

THE PRICE SITUATION, NOVEMBER 1931

FARM PRICES

The index of farm prices on October 15 was 68, or 4 points lower than on September 15, and compares with 106 on October 15 last year. All groups of commodities in the index declined with the exception of dairy and poultry products, prices of which followed the usual seasonal movement, advancing the index for this group from 93 on September 15 to 99 on October 15.

Since August, 1929, the index of farm prices has declined each month with the exception of April and September, 1930, and March 1931 when prices made only moderate advances. In August, 1929, the index was 143 so that the level of prices on October 15 at 68 was only 47.5 per cent of that of August 1929. From the second week in October to the first week in November market prices of several farm products advanced sharply especially grains and cotton, but grain prices declined sharply by the middle of November for example December wheat futures at Chicago advanced from 45 cents per bushel on October 5 to 66-7/8 cents on November 6 and then declined to 57 cents per bushel on the 14th.

GENERAL COMMODITY PRICE LEVEL

Recent advances in the wholesale prices of several farm products and petroleum have resulted in an increase in the Annalist's wholesale index from 99.9 on October 6 to 101.8 on November 3. During this period the index of farm products advanced from 81.4 to 87.6 and fuels advanced from 126.2 to 128.8. Prices of most other non-agricultural commodities continued to decline during October. The index of chemical prices on November 3 was 96.8 compared with 97.3 a month earlier while food prices declined from 113.5 to 111.2, textiles declined from 86.3 to 84.9, building material from 113.5 to 111.9 and metals from 100.5 to 100.1.

Although an upward trend in raw material prices while prices of manufactured goods continue to decline is typical of the turning point after a long period of declining prices, the movements of the past month have been confined to too few commodities to judge their significance as an indication of change in the trend of wholesale prices.

BUSINESS CONDITIONS

Although industrial production in many of the major lines of activity continued to decline during October more recent indications point to some pick-up in the production of iron and steel and automobiles. Steel operations showed slight increases during the first half of November and many automobile producers are now stepping up production preparatory to introducing new models. Several events during the past few weeks such

as the sharp advance in prices of some raw materials, the decline in the number of bank failures, the falling off in the outflow of gold from the United States and the recent election in England which demonstrated the people's confidence in the present administration of that country, have had a favorable effect upon business.

The Federal Reserve Board's index of industrial production averaged 76 in September compared with 80 in August and 87 in October last year. Factory employment and payrolls also declined to new low levels in September. In many industries the general decline in activity and employment which occurred in September continued through October. Automobile production reached unusually low levels in October as many producers have closed their plants to prepare for the introduction of new models. Building activity showed more than the usual seasonal decline. Steel and pigiron output and electric power production as well as many other lines of activity were unfavorably affected by the curtailment in these two major lines of activity. Production of consumers goods on the other hand has continued at about the same levels as in the earlier months.

Certain elements have appeared in the domestic business situation during the past few weeks which tend toward a restoration of business confidence; among these are the organization of the National Credit Corporation to strengthen banking conditions; a rise in certain commodity prices such as cotton and wheat; and a rise in industrial stock prices. A good part of the rise in stock market prices since the lowest level of this depression reached on October 5, has been maintained and there has been a firming of bond prices in recent weeks particularly the lower grade bonds which have declined most in this depression. The advances in cotton and wheat prices have given a measure of stability to the general level of commodity prices by counteracting the declines in some commodities. They have also tended to improve the purchasing power of wheat and cotton producers here and in other producing countries and to affect favorably those banking conditions which have become strained in the past year because of the low prices of these and other commodities. The recent advance in silver prices has increased the purchasing power in those countries which have a silver currency and has given encouragement to many countries now off the gold standard.

WHEAT

Cash wheat prices in United States markets rose rapidly during most of October and during the first week of November. For the week ended October 9 the average price of all classes and grades of wheat at the principal market was 52.8 cents, while for the week ended November 6 it was 69.3 cents per bushel. Most of the increase, however, took place during the latter part of October and early November. The United States average farm price as of October 15 was 36.1 cents per bushel compared with 35.7 a month previous and 65.6 cents for October, 1930.

All of the principal markets shared in the price advance during October. No. 2 Hard Winter at Kansas City averaged 41.7 cents for the week ended October 9 and 59.7 cents for the week ended November 6. No. 1 Dark Northern Spring at Minneapolis advanced from an average of 69.1 cents for the week ended October 9 to 82.6 cents for the week ended November 6. The most striking advance was that of No. 2 Amber Durum, Minneapolis, from 71.7 cents for the first week of October to an average of 93.1 cents for the first week of November. No. 2 Red Winter at St. Louis advanced from 46.3 cents to 62.8 cents during the same period and western white at Seattle advanced from 53 cents to 66 cents.

The rise in prices has been attributed to various factors, but seems to have been largely due to increasing attention being paid to the supply situation and to an easing of the pressure of immediate supplies, rather than to any fundamental change in the outlook for supplies in the entire 1931-32 crop year. It has been evident for some months that the combination of an extremely large world carryover, large crops, and stringent import and milling restrictions in the importing countries of Europe, and a reduced acreage in the Southern Hemisphere would tend to make current supplies more burdensome in the early part than in the latter part of the 1931-32 season. However, weekly Russian shipments have shown a general downward tendency since mid-September and this has tended to confirm previous indications that the crop is smaller than in 1930.

Of outstanding importance in the price situation of recent months has been the indication that prices were lower than they need be in the long run to accomplish the necessary readjustment of the level of average world production to the level of consumption. Under such conditions the burdensomeness of current supplies has constituted the principal factor hindering improvement of prices. In the United States commercial stocks reached a peak early in September and have since been declining gradually. With this indication that the peak of storage requirements for the year was safely passed, there was less likelihood of material distressed sales of wheat for export from the United States. This, together with the decline in Russian shipments, eased the immediate supply situation in importing markets even though there was no significant change in the outlook for total supplies available for the 1931-32 crop year. Furthermore, reports of decreased winter wheat sowings and dry weather in the winter wheat regions of the United States have been generally interpreted as indicating the possibility of a small 1932 crop of winter wheat.

There have also been some factors indicating an improved demand situation for the crop year as a whole. Total shipments from the principal exporting countries from July 1 to November 7 amounted to 271 million bushels compared with 262 million during the corresponding period of last year despite decreased shipments to European countries. Non-European shipments from July 1 to October 24 amounted to 57 million bushels compared

with 35 million last year. The decrease in the rate of shipments to Europe had been expected because of the larger crops of the importing countries of Europe, but it has not been generally anticipated that shipments to non-European countries would be so large. Despite their larger wheat crops, takings of the importing countries have been well maintained due in part at least, to the small rye crop of Europe, together with the poorer quality of much of the European wheat crop. Shipments to Europe from July 1 to October 24 amounted to 201 million bushels compared with 214 millions in the corresponding period of 1930.

Prices in the United States advanced considerably more than at Liverpool in the rise of October and early November, resulting in the price of December futures at Liverpool being only a fraction of a cent per bushel higher than at Chicago on November 9. On that date, Chicago prices were about 3 cents per bushel above Winnipeg (when Winnipeg prices are converted on the basis of current exchange rates). This relatively greater strength of the United States market and the reluctance of other markets to follow the rise indicates that the main focal point of the speculative movement for higher prices was in the United States. On the 10th and 12th the rise was broken by sharp declines, Chicago December futures closing about 3 cents lower on the 10th and 5 cents on the 12th than they had closed on the 9th. Liverpool prices had also declined, December futures closing there at 63½ cents per bushel compared with 61¼ cents at Chicago.

The outlook for domestic wheat prices during the next few months is very greatly dependent upon the development of crop conditions, especially the condition of the winter wheat crop in the United States. The small amount of rain in Kansas thus far this fall, it has been pointed out, suggests the possibility of small yields for the 1932 crop. However, the final effect of fall drought on the abandonment and condition of winter wheat is usually not known until the spring months. In addition, the outturn of the Southern Hemisphere crops, which are now about to be harvested, are of importance in the wheat situation. Present indications point to the crops of Argentina and Australia being between 50 million and 100 million bushels below last year.

CORN

Market prices of cash corn rose somewhat during October but averaged lower than in September due to the sharp decline which took place in the latter part of that month. During the first week of November there was a rapid further rise which was followed by a recession. The advance appears to have been due primarily to the improvement in wheat prices but as November 1 crop conditions indicated a slightly smaller crop than October 1 conditions, a part of the rise is also attributable to the change in crop prospects as October advanced.

The United States average farm price of corn as of October 15 was 33.4 cents per bushel compared with 43.2 cents a month earlier and 81.9 cents for October 1930. At the principal markets prices were similarly lower in October than in September, No. 3 Yellow at Chicago averaging 38.1 cents per bushel in October compared with 41.8 cents for the previous month. Market prices declined sharply during the latter half of September and early October, No. 3 Yellow at Chicago averaging 36.5 cents per bushel for the week ended October 9. There followed a fairly steady but small rise in the next three weeks to 38.4 cents for the week ended October 30. In the first week of November, however, there was a sharp rise which brought the average price of No. 3 Yellow at Chicago to 42.0 cents per bushel. Prices reached a high point on the 9th when December futures at Chicago closed at 47 cents but there was a recession on the two following market days, prices closing at 44$\frac{3}{4}$ cents and 42 7/8 cents respectively, on the 10th and 12th.

Supplies of corn, while greatly in excess of those resulting from last year's short crop, are still somewhat below the average of recent years. The oats and barley crops are also smaller than the average of recent years so that despite a fairly large crop of grain sorghums, this year's supply of feed grains is with the exception of last year, the smallest of any year since 1924. Increasing numbers of hogs and cattle have been tending to increase the consumption of feed grains, but in the past year low prices of wheat relative to feed grains have resulted in heavy feeding of wheat. More recently corn prices have been declining relative to wheat and on October 15 there were but few States outside the Rocky mountain region for which the average farm price of corn was not lower than that of wheat.

November 1 conditions indicate the corn crop to be 2,674 million bushels. This is of course, greatly in excess of last year's crop, though slightly below the average for the five years 1925 to 1929 of 2,761 million bushels. Farm stocks of old corn as of November 1 are estimated at 93 million bushels while the visible supply is 7 millions. These indicate a total accounted for supply of 2,775 million bushels compared with 2,171 million last year and an average of 2,869 million bushels for the five years 1925 to 1929.

Total supplies of feed grains, including both carryover and the new crop, except in the case of sorghums for which carryover is not available, are as follows for the years 1921-22 to 1931-32.

	Corn 1,000 tons	Oats 1,000 tons	Barley 1,000 tons	Sorghums 1,000 tons	Total 1,000 tons
1921-22	94,496	20,506	4,096	4,133	123,231
1922-23	86,600	21,257	4,569	2,748	115,174
1923-24	87,878	22,124	4,929	3,251	118,182
1924-25	67,770	25,155	4,517	3,278	100,720
1925-26	83,344	25,692	5,297	2,980	117,313
1926-27	81,177	22,228	4,724	3,850	111,979
1927-28	81,153	20,098	6,493	3,846	111,590
1928-29	80,498	23,748	8,786	3,990	117,022
1929-30	75,444	21,173	7,812	2,824	107,253
1930-31	60,778	22,945	8,436	2,422	94,581
1931-32	77,662	20,133	5,619	3,614	106,997

TOBACCO

Flue-cured

Market prices for flue-cured tobacco weakened during October and early November. This appeared to be due partly to buyers' unwillingness to pay as much for certain grades as they had been paying and partly to the increasing proportion of "old belt" and the decreasing proportion of "new belt" tobacco being offered on the markets. Discrimination against the heavier bodied tobacco of the old belt sections of Virginia and North Carolina has been evident for several seasons and the demand for it this year has been smaller than usual. The general average of prices for all auction floor sales to November 1 was about 20 per cent below that of the same period for 1930, when prices averaged approximately 12.25 cents per pound. Prices for some of the lower grades recently have been reported to be so low that they will not bring marketing charges with the result that farmers have stopped offering them for sale.

The total production of flue-cured tobacco for 1931 was estimated on November 1 at 687 million pounds. This is about 20 per cent less than the record crop of 1930 and the smallest production of flue-cured since 1926. The carryover on July 1, however, was 13 per cent greater than in 1930 so that the total supply this year is only about 6.5 per cent smaller than in 1930. The quality of the crop is reported to be lower than that of a year ago.

Consumption of products made from flue-cured tobacco recently has stopped increasing and begun to decline, both in this country and abroad. Sales of cigarette tax stamps in the United States started declining in July and for the quarter ended September 30 they were 8.3 per cent smaller than for the same months in 1930. The use of smoking tobacco apparently increased during this period but not enough to offset the decline in cigarettes. In the United Kingdom cigarette consumption for 1931 has been increasing very much less than usual, while the exports of manufactured cigarettes from that country have been about 33 per cent smaller than in 1930. Consequently, British manufacturers are using from 5 to 10 per cent

less flue-cured tobacco this year than last. The consumption of flue-cured products in Continental Europe is reported to be materially less in 1931 than in 1930. China, on the other hand, appears to have maintained her rate of increase in cigarette consumption, but due to unfavorable exchange and expansion in the production of flue-cured tobacco in China, imports from this country continue to be taken only at very low prices.

The movement of new crop leaf into export has been smaller than usual this season. For July, August, and September, exports totaled only 58 million pounds. This is 29 per cent less than the quantity exported for these months in 1930 and 10 per cent less than the 5-year average, 1925 to 1929. Buying for future export delivery thus far has been on a rather limited scale, apparently reflecting a continued weakness in foreign demand.

Fire-cured

Prices for Virginia fire-cured tobacco during the opening week of the season (beginning October 26) averaged 5.93 cents per pound. This is materially lower than the prices for 1930, when sales for the first month averaged 8.03 cents per pound, and it appears to have resulted from the larger qupplies and reduced exports for this type. Quality this year is reported to be superior to 1930 when the crop was adversely affected by drought.

The indicated production in 1931, which was estimated on November 1 at 33 million pounds, is 43 per cent larger than in 1930 and also appreciably larger than in 1927, 1928, or 1929. The stocks on October 1 of 29 million pounds also were larger than in 1930, but smaller than for any other year since 1927. Due largely to declining exports the annual disappearance of this tobacco has been at relatively low levels for several years and the indicated 1931 production is approximately 50 per cent larger than the disappearance of either of the two previous seasons.

Markets for Kentucky and Tennessee fire-cured tobacco will not be opened until early in December. The situation as regards these types appears similar to that for Virginia fire-cured in that supplies are larger than a year ago and exports have fallen off materially. For the first nine months of 1931 exports were only 56 million pounds as compared with 86 million pounds during the same period in 1930. The total supply of these types for the coming season is indicated at 286 million pounds, made up of the November 1 estimate of production, 157 million pounds, and the October 1 stocks, 129 million pounds. This is about 19 per cent larger than the supply of 1930 when prices averaged 10.5 cents per pound for the Clarksville and Hopkinsville type and 5.7 cents per pound for the Paducah and Mayfield type. Quality in 1931, however, is considerably above that of 1930, particularly in the western district.

Burley

Burley markets, like those for Kentucky and Tennessee fire-cured, will not open until early December. The total indicated supply of this tobacco for 1931, 905 million pounds, is the largest on record. Although the stocks of 437 million pounds on October 1 were materially larger than those a year earlier the principal cause of the increase in supply was the great

expansion in production which occurred in 1931. The November 1 estimated production of 469 million pounds was about 33 per cent larger than the previous largest crop of 1930. Total supply this year is about 25 per cent larger than that of 1930 when the crop averaged 15.5 cents per pound and it is 18 per cent larger than in 1926 when the average price was 13.1 cents per pound. The 1931 crop is of excellent quality, however, which should partially offset the influence of the unusually large supply.

Disappearance for the year ended September 30 amounted to 285 million pounds, which was about 3 per cent smaller than that for the previous twelve months but about in line with the 5-year average 1925-1929. The utilization of this crop is confined almost entirely to domestic purposes, exports amounting to only about 3 per cent of the total disappearance.

POTATOES

The potato price situation on November 15 is slightly more favorable than a month ago. Prices of sacked Long Island Green Mountain potatoes in New York averaged about $1.06 per cwt. for the first week in November or about 9 cents above the first week in October, in contrast to a 28 cent decline during the corresponding month last year. F.o.b. prices to shippers on November 7, compared with a month previous, were about 10 cents per cwt. higher in Maine and New York, but were somewhat lower in the North Central potato growing States and in Idaho.

The average farm price of potatoes for the United States of 46 cents per bushel on October 15 was 14 cents less than on September 15. The corresponding decline last year was 9 cents, from $1.10 on September 15 to $1.01 on October 15. Lower prices this year are due not only to the decline in the general price level but also to the larger crop.

The November 1 forecast of production of 382,000,000 bushels is seven and one-half million bushels above the October 1 forecast and is considerably above the 1930 crop of 343,000,000 bushels. Notwithstanding the small loss from bli ht and field frost this year, the quality of the potato crop is reported at 78.8 as compared with 82.8 for the 1930 crop and 86.4 as the average for the ten years preceding. According to the Crop Reporting Board, the reports on quality, average lower than in any year since the very dry season of 1901.

Potato shipments this fall have been less than last fall in spite of a larger crop. Advance buying seems to be on a smaller scale and farmers' stocks are apparently larger than a year ago. Shipments totaled 24,392 cars for October and 16,979 cars for September compared with 29,076 and 22,415 cars respectively for the same months in 1930.

RICE

Prices of milled rice in the Southern Belt advanced during the last week of October and first part of November. Fancy blue rose at New Orleans was quoted at $3.00 per hundred pounds on November 9 as compared to $2.75 on October 19, which was the low point for the month. This grade and quality of rice averaged $3.75 for the month of October, 1930. Rough rice prices likewise advanced during the past few weeks. Blue rose was selling at Texas and Louisiana points at $2.25 per barrel during the week ended November 9 as compared with $1.80 to $1.90 the middle of October.

The 1931 crop for the United States based on conditions as of November 1 was forecast to be 43,045,000 bushels. By adding the carryover to this forecast production, supplies for the current season appear to be about 1,324,000,000 pounds which is practically the same as the accounted-for distribution of the 1930-31 supplies. The quality of the 1931 crop is reported to be somewhat above average. Approximately 75 per cent of the inspections during the week ended November 2 graded No. 1. Over half of these inspections were blue rose. The movement of the new crop rice from farms to mills in the Southern Belt during October continued heavy but was about average for that month whereas the September movement was much above average. This retarded movement in part helps to account for the fact that rough rice prices advanced relatively more than milled rice prices during the month ended November 15. Stocks of rough and milled rice in millers hands on November 1 were reported to be the equivalent of 179,109,000 pounds of milled rice compared with 167,000,000 pounds a year earlier. The movement of milled rice into consuming channels during October was about average for that month but there was more buying than usual for future delivery. Shipments to Porto Rico and Hawaii during October were somewhat under the shipments of October 1930. Exports for October were reported to be about 20 million pounds compared with 15,094,000 for October 1930.

Prices of milled rice at San Francisco strengthened during the second week of November as a result of the advance in Southern markets and also because of some improvement in domestic takings of California rice. Prices on November 9, however, were somewhat lower than during October. Fancy California-Japan was quoted on the San Francisco market at $3.05 per hundred pounds compared with $3.52½ on October 8 and an average of $3.56 for October 1930-31. No. 1 Paddy, at growing points, on November 9 was selling at $1.25 per hundred pounds which was a slight improvement over the prices a week earlier but somewhat lower than the average for October.

Exports of California rice during October continued at a very low level. Japan took small amounts of fancy screenings at about $1.60 per hundred pounds but was not in the market for the higher grades. Prices of middle quality brown rice at Tokyo declined during October, the quotation on October 21 being $2.67 compared with $2.80 per hundred pounds on October 8. No. 1 Brown was quoted on the San Francisco market $2.92 per hundred pounds on October 21 but by November 9 had dropped to $2.80. The carryover as of November 1 in Japan is reported to be about 2,600,000,000 pounds which with a crop of somewhat over 17 billion pounds makes the total domestic supply for 1931-32 about 19,600,000,000 compared with the 1930-31 domestic supply of over 22 billion pounds.

HOGS

After declining sharply during September hog prices remained steady during the first three weeks of October, but resumed their decline during the two following weeks. The average at Chicago during the week ended November 7 was \$4.65 compared with \$5.20 during the first week in October. The average price at Chicago during October was \$5.09 as compared with \$5.41 in September and \$9.34 in October, 1930. The recent price declines have been greatest on heavy hogs with the result that the spread between heavy and light weight hogs is extremely narrow.

With the market movement of new crop hogs getting well under way, slaughter supplies during October increased seasonally and were the third largest for the month on record. Federally inspected hog slaughter during the month amounting to 3,772,000 head was 28 per cent larger than that of September and 8 per cent larger than in October, 1930. The increase in market supplies over those of a year earlier during September and October tends to corroborate other indications that the spring pig crop this year was larger than the 1930 spring crop. There was a tendency in some areas, however, to market a larger than usual proportion of the hog supply during those two months. The average live weight of hogs slaughtered during October as indicated by weights at representative markets was probably about the same as the average for October of last year.

Recent reports from producing areas indicate that conditions for feeding during October were very favorable. New corn matured early. The weather has been favorable, no severe storms occurring and temperatures being above average in most sections. As a result of these favorable conditions, hogs in most of the Corn Belt States took on weight rapidly and they are reported to be somewhat heavier and more nearly finished than is usual for this time of year.

Corn prices advanced sharply during the last week in October and the first week in November. This advance, along with the decline in hog prices, changed the relationship between hog prices and corn prices from one which was very favorable for feeding to one which was below average. The hog-corn price ratio based on Chicago prices was reduced from 13.8 during the second week of October to 11.0 during the week ended November 7. The average ratio for November during the last ten years was 11.6

The marked increase in supplies and unusually warm weather for this season of the year were reflected in lower prices of fresh pork during recent weeks. Marked declines occurred in all cuts, but the sharpest reductions were on light loins. Eight to twelve pound loins at New York averaged \$12.00 per hundred pounds during the first week of November which was a new low for the year and \$7.50 below the average five weeks earlier. Other price reductions on fresh pork since the first of October ranged from \$2.00 to \$6.00. Cured pork prices were also lower during October, the sharpest declines occurring on bacon.

Storage supplies of hog products decreased sharply during October but on November 1 they were still somewhat larger than the unusually small holdings of a year ago. Storage stocks of pork on November 1 amounting to 380 million pounds were 6.4 per cent larger than on that date in 1930, but were 12 per cent smaller than the 5-year November 1 average. Lard stocks amounting to about 40 million pounds were 9.5 per cent larger than on November 1 last year, but were 45.5 per cent smaller than the 5-year average. The marked downward trend of hog prices during the last marketing year resulted in heavy losses from pork and lard storage operations during that period. Such losses normally result in a reduced storage demand the following year, and it is usually reflected in a slow accumulation of winter storage stocks and a larger than average movement of both cured and fresh pork into current consumption.

CATTLE

The movement of cattle prices during October was quite different for different classes and grades of cattle. The better grades of slaughter steers made a rather substantial advance which carried them to the highest levels since early in the year. The better grades of slaughter heifers followed the upward trend of high grade steers but the better grades of cows, veal calves and bulls declined. The lower grades of all slaughter cattle and calves declined during the month and reached levels lower than the low point of last June and the lowest for any month in many years. On the other hand prices of better grade slaughter steers were higher than in a number of months in the past ten years and no lower than they were in October 1926. Prices of stocker and feeder cattle also declined but did not reach as low a level as in the early summer of this year. Prices for nearly all kinds of cattle advanced during the first ten days of November. Compared with the corresponding week of 1930 the average weekly price of choice steers at Chicago for the first week of November was $1.30 lower, good steers $1.00 lower, medium $2.11 lower and common $2.50 lower.

The weakness of cattle prices in October continued to reflect the poor demand for the lower grades of beef and for unfinished cattle. The demand for beef, already low, was further adversely affected by the unseasonally warm weather in October which tended to cut down consumptive demand for all meats, especially pork. The poor demand for unfinished cattle, in spite of the low prices of feed grains and the generally ample to abundant supplies in important feeding States, reflected the lack of confidence in the future cattle situation and the difficulties confronting feeders in securing funds to finance feeding operations.

The supply of cattle in October was very small - receipts at 7 leading markets being the smallest for the month in fifteen years and inspected slaughter the second smallest for the month in the same period and 7 per cent below October last year and 11 per cent below the 5-year October average. The receipts of choice steers at Chicago, while much smaller than in October last year, were larger than in October of the years 1927, 1928 and 1929. The combined receipts of good and choice steers while 15 per cent smaller than in October last year was about equal to the average October receipts during the preceding nine years. Apparently the consumptive demand for better grade beef was somewhat better than for the lower grades.

Shipments of stocker and feeder cattle into the Corn Belt States in October were small, due partly to the small market supplies of cattle but mostly to the poor demand. The shipments in October were 13 per cent smaller than in October last year and probably the smallest for the month in ten years. This reduction in October following the reduction in September brought the total shipments for the four months July to October below last year, thus offsetting the large increases in July and August. Total shipments for the four months were 2 per cent below last year and 9 per cent smaller than the 5-year average. The decrease was due to the sharp falling-off of shipments into the States west of the Mississippi River, which were the second smallest in thirteen years. The decrease in shipments into the States west of the Missouri River were most marked. The total movement into the States east of the Mississippi River was not only larger than the small shipments of last year but the largest in five years. The distribution of shipments this year to a large extent reflects the supply of corn and other feed.

BUTTER

The average price of 92 score butter at New York during October of 33.8 cents was 1.3 cents higher than in September and the highest since November 1930. The upward trend in butter prices reached a peak of 36.6 cents for the week ended October 17, but declined sharply during the latter half of October and averaged 29.2 cents for the week ended November 7.

The sharp break in butter prices was associated with an improvement in production and some importations of Canadian butter. For the three weeks ended October 10, reports from the Middle West indicated that butter production in that section was approximately 10 per cent less than for the same period of 1930. For the two weeks ended October 31, however, reports from the same territory indicated that butter production was about 5 per cent greater than a year previous.

Milk production per cow (as reported by crop correspondents) on November 1 was the highest on record for that month, and the percentage of milk cows being milked on November 1 was also the highest on record for that date, (1925 to 1931). Pastures in many dairy sections during late October and early November were exceptionally good, and in marked contrast to the poor pasture conditions that existed during the summer months. On October 1 milk production per cow was 3 per cent below the 5-year average as of October 1 (1925-1929), while production on November 1 was 4 per cent aboave average for that date (1925-1929). This change in production per cow together with the increase in number of cows has caused a marked change in total milk production.

Cold storage holdings of butter on November 1 of 56.2 million pounds were about 53.5 million pounds less than a year ago, and the smallest on record for November 1 (since November 1, 1915). The out-of-storage movement during October of about 16 million pounds was about 27 per cent less than a year ago and approximately 30 per cent less than the 5-year average.

With the marked decline in domestic butter prices during the last half of October and comparatively stable prices abroad, the margin of domestic prices over foreign prices, (gold basis) declined from 15 cents during early October to 9 cents on November 5, (based on prices of 92 score butter at New York and the Copenhagen official quotation).

CHEESE

The price of cheese (twins) on the Wisconsin Cheese Exchange during October average 13.4 cents compared with 14.0 cents in September and 16.2 cents a year earlier. From October 2 to November 6 the ruling price declined from 14.0 cents to 12.0 cents, due largely to the increase in production compared with last year, as indicated by receipts at Wisconsin warehouses. For the week ended September 19, receipts were approximately the same as a year previous while for the week ended October 31 receipts were 43 per cent larger than last year. When compared with the 5-year average of receipts for the two weeks were 20 per cent below average and 5 per cent above respectively. The unusually heavy receipts during the last few weeks may have been influenced by the fact that the new Wisconsin grading law was to become effective in November.

Total cheese production during September of 38.2 million pounds was about 1 per cent greater than for September 1930. September was the first month since November 1930 in which cheese production was larger than in the corresponding month of the preceding year.

Cold storage holdings of American cheese on November 1 of 64.1 million pounds were about 14.8 million pounds less than last year and the smallest for November 1 since 1927.

The movement of cheese into consumptive channels during September of 46.6 million pounds was 2.3 per cent more than for September 1930. Imports of cheese during September of 5.5 million pounds were 25 per cent larger than a year ago but for the first nine months of 1931 net imports of 43.4 million pounds were 16 per cent less than last year.

EGGS

The prices of fresh eggs continued the usual seasonal advance and have been approaching more closely the prices which prevailed a year ago. Fresh firsts at New York averaged 23.9 cents during October, an increase of 41 per cent from June, the low month of the season, this year. The average advance from the low month to October for the period 1925-1930 is about 40 per cent. The October price is only 1.3 cents below the October 1930 price while the difference in September and August was 4.0 cents and 4.9 cents, respectively. The farm price of eggs has followed a corresponding course, being 22.7 cents on October 15 compared to 19.1 cents in September and 26.5 cents in October 1930.

Receipts of eggs at the four markets during October were about the same as a year ago, 663 thousand cases as compared to 662 thousand cases but were somewhat heavier than had been anticipated in view of the reported 5 per cent fewer laying birds in farm flocks than in 1930. Mild weather and heavy feeding, due to low grain prices, have been largely responsible for a greater rate of laying per hen than a year ago.

Storage stocks of case eggs on November 1 were 5,740 thousand cases as compared to 6,785 thousand cases on November 1, 1930 and a 5-year average of 5,867 thousand cases. While movement out-of-storage since August 1 was greater last year than this, being 4.4 million cases from August 1 to November 1, 1930 as compared to only 3.8 million cases for the same period this year, yet the percentage withdrawal is the same, storage stocks on November 1 being 61 per cent of the August 1 figure in each year. As was the case in 1930, however, refrigerator eggs have declined in price from September to October partly through fear of the possibility of excessive holdings at the end of the year.

CHICKENS

The farm price of chickens declined from 15.7 cents on September 15 to 14.4 cents on October 15. This is largely a delayed seasonal change as the price up to September did not fall as much as usual after the spring peak. The price on October 15, 1930 was 17.4 cents.

Receipts of dressed poultry at the four markets during October were the lightest for the month since 1927, being 30.1 million pounds as compared to 32.8 million a year ago and 32.1 million pounds in September. This latter decrease, which is contrary to the usual seasonal trend, appears to be partly a reflection of the relatively higher egg prices compared to chicken prices, layers not being marketed so freely as earlier in the season.

Storage holdings of frozen poultry on November 1 were 65,690,000 pounds as compared to 59,269,000 pounds a year ago and a 5-year average of 64,278,000 pounds. The storage stocks now being built up will be one of the major sources of supply during next spring and early summer.

LAMBS

Prices of lambs, after fluctuating rather widely for the period ffom the middle of September to the middle of October, were fairly stable the last half of October at the low levels then reached and showed little change during the first week of November. The level since the middle of October was about the lowest of the year and for many years, with the top on lambs at Chicago about $6.50 and the bulk of the better grade slaughter lambs at $5.75 to $6.25.

Feeder lamb prices from the middle of September to the middle of October followed only in a minor way the fluctuations in slaughter lamb prices but from the middle of October they tended to weaken and reached the lowest point of the season in November with the top on feeding lambs at Chicago at $5.00 and at Omaha at $4.75. The average weekly price of feeder lambs at Chicago the first week in November was $4.56.

Supplies of lambs continued at high levels during October. Inspected slaughter at 1,804,000 was the largest for any month on record, being 4 per cent over October 1930 (the previous record month) and over 30 per cent larger than the 5-year October average. Market receipts during the last half of October were especially large. Usually the peak of weekly receipts of the fall movement is reached about the first week in October and then declines rather sharply during the following two months as the range sheep marketing season closes. This year receipts for the week ended October 16 were the largest of the year and the following week was the second largest.

The movement of feeder lambs from markets, which was larger in September this year than last, tended to fall off in October when compared to last year. The total movement in October inspected through markets apparently was not quite as large as in October 1930. There continues to be a rather heavy movement of feeder lambs direct from the range to feed lots in the Corn Belt, and available information indicates that this movement to date has been larger than last year, when it was also large. Reports from Western States indicate that there are still considerable numbers of feeding lambs not yet contracted, which remain to be disposed of. Receipts to date and contracts yet to be filled indicate that feeding in Colorado will be on a smaller scale than last year.

WOOL

The domestic wool market was very quiet during October and the early part of November and prices showed slight declines although prices in primary markets of the Southern Hemisphere were advancing. On November 10 word was received of the return to the mills of a large number of workers after a four to five weeks strike in the New England worsted industry.

Declines in domestic prices during the past month have been small. The price of fine strictly combing territory wool, scoured basis, at Boston, for the week ended November 7 averaged 59 cents a pound, compared with 59.5 cents a pound for the week ended October 10. Three-eighths blood (56s) territory, strictly combing, scoured basis, averaged 48 cents a pound for the week ended November 7 compared with 49 cents a pound a month earlier.

Sales in Australian markets have met with good response during the past month. Prices have increased and competition has been good on the part of England, Japan and some of the Continental European countries. Wool sales at London are now closed until November 24 when the sixth and final series of auctions for 1931 will open at that center. Conditions in the wool industry at Bradford have improved considerably since the abandonment of the gold standard by Great Britain and the market for semi-manufactures is firm. An increase in consumption by British users has recently been reported and there has also been an improvement in the export trade.

Consumption of combing and clothing wool reported by United States manufacturers in September 1931 was slightly lower than that of July and August although the usual seasonal trend in September is upward. The September consumption this year, however, was the largest reported for the month of September since 1922. Wool consumption in the United States from June to September was maintained at high levels despite the declines which occurred in general business activity and the consumption of combing and clothing wool (grease equivalent) reported by United States manufacturers for the first nine months of 1931 was 23 per cent above that reported for the first nine months of 1930 and was 9 per cent above the average reported consumption for the first nine months of the years 1926-1930. In view of the unsettled condition of the domestic market and the strike in the New England worsted industry the consumption of wool in October was believed to be smaller than in September.

Stocks of wool available in the United States at the present time are probably considerably smaller than they were at this time last year, judging by figures available on production, imports and consumption. Domestic production of shorn wool for 1931 is now estimated to be 25 million pounds greater than in 1930. In the six months April - September, however, imports of combing and clothing wool into the United States were 16 million pounds less than in the same period of 1930 while consumption of combing and clothing wool by manufacturers reporting to the Bureau of the Census, was about 60 million pounds (grease equivalent) greater than in the same period of 1930. A report recently released by the Boston Wool Trade Association showed stocks of unsold wool in the hands of the National Wool Marketing Corporation and dealers in Boston, Philadelphia, Chicago, St. Louis and Louisville on October 15, 1931, to be about 189,670,000 pounds. Imports of combing and clothing wool continue very small.

Despite the low prices prevailing there is an increase of 5 per cent in 1931 in the combined clips of seven countries which usually produce almost four-fifths of the world total exclusive of Russia and China. New Zealand and Uruguay are the only important countries for which decreases are estimated. The increase in production in 1931 compared with 1930 is largely attributed to favorable climatic and feed conditions.

COTTON

On November 13 the average price of middling 7/8 inch cotton in the 10 spot markets was 6.06 cents per pound, 0.37 cents per pound above the price on October 13, and 1.17 cents above the low of 4.89 cents per pound recorded on October 5. The advance in stocks, bonds, grains and a few other commodities; the increased textile activity in Great Britain which has been stimulated since the abandonment of the gold standard; an improvement in domestic exports during October; the movement to hold a substantial amount of cotton off the market until July 1932; and the unusually large increase in the sales of cotton cloth in the domestic industry together with other indications of improvement in general conditions were important factors contributing to the advance.

Sales of cotton cloth as reported to The Association of Cotton Textile Merchants of New York during October amounted to 333.7 million yards or an average of 83.4 million yards per week. This was the largest weekly rate since September 1929 and was 46.9 per cent above production which itself was the largest since April 1930. Shipments, however, while almost as great as during the past few months were below both production and sales resulting in a slight increase in stocks and a 51.7 per cent increase in unfilled orders. In actual yardage, as well as in percentage, the increase in orders on hand was the largest recorded in any single month since comparable statistics have been gathered. This indicates that buyers generally are coming to the conclusion that the low prices on cloth warrant forward commitments.

Domestic cotton textile mill activity as measured by consumption of all cotton during October continued at a rate above last year but showed less than the usual seasonal advance. Total consumption amounted to about 462,000 running bales compared with 464,000 bales in September and 443,000 bales in October 1930, according to reports of the Bureau of the Census. During the past five years October consumption has averaged about 50,000 bales above September. Consumption for the season to the end of October totaled about 1,352,000 bales which is 162,000 bales or 14 per cent above the same period last season. Domestic exports on the other hand have been about 490,000 running bales or 21.5 per cent below the first three months of last season. Exports during October however, were about 1 per cent above last year, being 1,014,000 running bales compared with 1,004,000 bales in October 1930. Exports to the Orient continue well above last year, Japan having taken 64 per cent more cotton during the first three months this season than during the August to October period last year. The greatest pick-up in exports during October has been in those going to Great Britain. During August and September the amount of cotton exported to Great Britain was almost 81 per cent below last season, but in October was only about 14 per cent below October 1930. Germany, Italy, France and other European countries showed smaller improvements during October.

During the past twelve months stocks of raw cotton held in domestic consuming establishments have been less than at the corresponding period the previous year. On October 31, 1931 the report of the Bureau of the Census showed that this situation still exists, total mill stocks amounting to 1,116,000 running bales compared with 1,355,000 bales one year earlier or 18 per cent less.

The November 1 estimate of production indicated a domestic crop of 16,903,000 bales of 478 pounds net or 500 pounds gross, an increase of 619,000 bales (3.8 per cent) over the October 1 forecast, 2,971,000 bales or 21.3 per cent above production in 1930 and 1,635,000 bales or 10.7 per cent above the 1925-1929 average of 15,268,000 bales. Only the 17,977,000 bale crop of 1926 exceeds the present one and the indicated yield this year is the highest since 1914. The present indications are that the 1931-32 production in the major foreign producing countries will be around 600,000 bales less than in 1930-31 which will partly offset the increase in domestic production.

The most important recent development in foreign countries so far as the American cotton situation is concerned is the increase in textile mill activity in Great Britain which was reported to have been between 75 and 100 per cent of capacity during the last of October and the first of November compared with 55 per cent one month earlier. The increased activity has been brought about by increased demand from foreign consumers due no doubt to reduced value of the pound sterling. This improvement is being reflected in larger exports of American cotton to Great Britain as pointed out above.

In Japan yarn production in September amounted to about 89.7 million pounds, an increase of almost 1.2 million pounds over August, and was 11.7 million pounds or 15 per cent above September last year. The Chinese boycott of Japanese goods and the increased competition of British piece goods in the Indian, South African and Near East markets, however, has resulted in an agreement by Japanese spinners to curtail production an additional 5.8 per cent for the months of November and December. In China the boycott has caused increased activity in the Chinese mills and they are now very busy, but the Japanese mills in China are expected to reduce activity if the boycott continues since yarn stocks are accumulating.

Business Statistics Relating to Domestic Demand

Year and mo.	Industrial production 1/ (1) 1923-1925 =100	Industrial production 1/ (2) Trend = 100	Industrial production 1/ (3) June 1929 =100	Factory payrolls 2/	Factory employment 2/	Commodity: At farms 3/	Commodity: U.S. Wholesale 4/ 1910-1914 =100	Commodity: U.S. Wholesale 4/ 1926 =100	Commodity: Foreign 5/	Interest rates 6/	Industrial stock prices 7/
1929											
June	126	113	100	110	102	135	141	96	93	6.00	315
July	124	111	98	109	102	140	143	98	94	6.00	344
Aug.	123	110	97	110	102	143	143	98	93	6.03	361
Sept.	122	109	96	110	101	141	142	98	94	6.12	365
Oct.	118	105	93	106	100	140	141	96	93	6.09	321
Nov.	108	96	85	101	98	136	138	94	92	5.55	233
Dec.	101	90	79	98	95	135	138	94	91	5.00	247
1930											
Jan.	104	92	81	97	94	134	136	93	90	4.89	252
Feb.	107	94	83	95	93	131	134	92	88	4.65	268
Mar.	104	92	81	94	92	126	133	91	86	4.18	277
Apr.	107	94	85	95	92	127	132	91	86	3.88	288
May	104	91	80	93	91	124	130	89	84	3.69	269
June	100	88	77	91	89	123	127	87	84	3.54	239
July	95	83	73	85	86	111	123	84	83	3.16	232
Aug.	91	79	70	82	85	108	123	84	83	3.00	231
Sept.	91	79	70	83	84	111	123	84	81	3.00	232
Oct.	87	76	67	78	83	106	121	83	79	3.00	196
Nov.	85	74	65	74	81	103	117	80	79	2.90	182
Dec.	82	71	62	73	79	97	114	78	77	2.88	170
1931											
Jan.	83	72	63	70	78	94	112	77	76	2.80	168
Feb.	86	74	65	72	77	90	110	76	75	2.62	181
Mar.	88	76	67	72	78	91	109	74	75	2.55	182
Apr.	90	77	68	72	78	91	107	73	75	2.38	162
May	89	76	67	71	78	86	104	71	73	2.20	143
June	84	72	63	68	76	80	102	70	73	2.02	138
July	83	71	62	67	75	79	102	70	72	2.00	143
Aug.	79	67	59	64	74	75	102	70	71	1.96	139
Sept.	76	64	57	62	73	72	101	69	70	2.00	119
Oct.						68					102

1/ Federal Reserve Board, 1923-1925 = 100. (1) adjusted for seasonal.
(2) adjusted for seasonal and trend.
(3) per cent of peak in June, 1929.

2/ Federal Reserve Board, 1923-1925 = 100, adjusted for seasonal.

3/ U.S.D.A., August 1909 - July, 1914 = 100.

4/ Bureau of Labor Statistics.

5/ Weighted average of indexes for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands, 1926 = 100.

6/ Commercial paper at New York, adjusted for seasonal.

7/ Dow-Jones index.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release December 15, 1931

THE PRICE SITUATION, DECEMBER 1931

FARM PRICES

During November higher prices of grains, cotton and eggs were chiefly responsible for an advance in the average of prices received by farmers from 68 per cent of pre-war prices on October 15 to 71 on November 15, compared with 103 on November 15 a year ago. A large part of this advance was lost due to price declines during late November and early December.

The sharp advance in grain prices lifted the index of farm prices of grains from 46 per cent of pre-war levels on October 15 to 57 on November 15. For the same period, cotton prices advanced from 42 per cent of the pre-war average to 50, poultry products advanced from 110 to 123, or 11 per cent which is somewhat less than the seasonal advance made last year. The seasonal decline in fruits and vegetables from 70 to 68 was small compared with the larger decline that took place last year. Dairy products remained practically unchanged, as was the case last year. Meat animal prices also declined seasonally from 79 to 76, which is approximately the decline experienced last year (from 123 to 118).

At central markets, cash wheat prices (all classes and grades) advanced from 52.7 cents per bushel the week of October 3 to 71.7 in the week of November 14 and then declined to 61.7 for the week of December 5. Similar price movements occurred in the cash corn and oats markets. Beef steer prices at Chicago (1100-1300,good) averaged about $1.30 per 100 pounds higher during the first week of December than during the first week of October but hogs were about $1.00 less. Cotton during this period advanced from 5.1 cents to 6.1 cents and then declined to 5.7 cents per pound. Butter prices are about 4 cents per pound lower and egg prices 4 cents per dozen higher than they were two months ago. Combined, these market prices averaged higher in the first week of December than in the first week of October.

The somewhat higher level of farm prices on November 15 represents an increase in the relative exchange value for goods usually bought by farmers. On November 15 this exchange ratio was 58 per cent of the pre-war average, compared with 55 per cent on October 15 and 70 per cent a year ago.

GENERAL COMMODITY PRICE LEVEL

According to the Bureau of Labor Statistics, commodity prices at wholesale, which remained at about 2 per cent above the 1910-1914 level during the 3-month period June-August, declined to 101 in September and to 100 in October.. After a temporary rise in November the general average declined to a new low level by the first week of December. Between June and October, prices of farm products declined from 92 to 82 per cent of the pre-war level, food products remained practically unchanged, and prices of all other

commodities, mostly non-agricultural, have also changed very little, averaging 106.4 in June, 107.0 in August and 105.7 in October. During November, according to the annalist index, prices of farm products averaged about five points higher than in October with a declining tendency toward the end of the month. Food prices were somewhat lower, and also declined toward the end of the month. Prices of textile products, metals, building materials, chemicals also showed declining tendencies during November, while prices of fuels advanced between the middle of October and middle of November and lost part of the advance during the last half of November.

BUSINESS CONDITIONS

The general business situation in the United States during November reached the lowest level so far in this depression.

According to the indexes of the Federal Reserve Board the physical volume of industrial output averaged 74 per cent of the 1923-1925 average in October compared with 76 in September, and both factory employment and payrolls declined in that month contrary to the usual seasonal tendencies. Compared with October of last year factory employment declined from 84 per cent of the 1923-1925 average to 71 while factory payrolls, because of part time work and wage rate reductions declined considerably more, from 81 to 59.

The industries producing consumer goods, such as the textile, food and boot and shoe industries appear to have maintained a good part of the gains in output made earlier in the year. Livestock slaughter however, was on a lower level in November than in the preceding months. In the other basic industries where the declines of the past two years have been greater than in the consumer group, (automobiles, iron and steel, building) there was some improvement in steel ingot production from the lowest point reached in October, but pig iron production declined slightly further; coal production, after an improvement in October declined to a still lower level and building contracts awarded declined rather sharply in November to the lowest level so far in the depression. The output in the automobile industry remained low in November. However, there is now a stepping-up of production throughout the industry and this may be a stimulus to other lines of business.

The favorable advances which took place in certain commodity prices several weeks ago particularly in grains were partly lost by the middle of December. Much of the advance in wheat has since been lost, and some other commodities have sagged to new low levels. Similarly the advance in the industrial stock market also proved temporary, and industrial stock prices (on December 10) are at the lowest level reached so far in the general decline of more than two years.

In the past twelve years (except one) there has been a very definite tendency for industrial activity to average higher during the first quarter of the year than during the last quarter of the preceding year.

WHEAT

During November wheat prices in the United States lost a little more than half of the gains which were made from early October to early November. For the week ended December 4, the weighted average price of all classes and grades at 6 markets was 61.7 cents per bushel compared with 71.7 cents for the week ended November 13, and 52.7 cents for the week ended October 2. There was relatively little change in prices during the first week of December, but on the 9th there was a sharp decline. The United States average farm price as of November 15 was 50.5 cents per bushel compared with 36.1 cents a month previous and 60.0 cents for November of 1930.

Wheat prices declined in November at all of the principal United States markets, and the declines included all classes of wheat. At Kansas City, No. 2 Hard Winter declined from a high weekly average of 61.6 cents for the week ended November 13 to 53.6 cents for the week ended December 4, and at St. Louis No. 2 Red Winter declined from 64.6 cents to 57.8 cents. At Minneapolis both No. 1 Dark Northern Spring and No. 2 Amber Durum averaged slightly higher for the week ended November 6 than for the week ended the 13th, being 82.6 and 93.1 cents per bushel respectively for the week ended November 6. They declined to 76.8 and 77.5 cents per bushel respectively for the week ended December 4.

Despite the decline, United States prices continue high relative to Liverpool. On December 9 the closing price of the May option at Chicago was 54-5/8 cents compared with 58-1/8 cents for the same option at the Liverpool market, Liverpool prices being converted at the current rate of exchange. On November 6, when the high closing level at Chicago was reached, Chicago May futures closed at 71-1/2 cents compared with 73-1/8 cents at Liverpool, hence the decline in United States prices has not materially increased the spread between Chicago and Liverpool. Both the decline in prices during November and the rise in October and early November have taken place with little change in the fundamental outlook for supplies. The official estimates of production in Argentina and Australia did not differ greatly from expectations of a month ago. The Argentine crop is officially placed at 218 million bushels compared with 236 million last year, while the Australian crop is estimated to be 170 million bushels against 213 million last year. Russian shipments were very small during the last week of November and the first week of December.

World shipments have shown some tendency to decline, the total having dropped from an average level of around 17 million bushels weekly during the past few months to 11.5 million bushels for the week ended December 5. Some decline of world shipments in late November or December is common however, as this period marks the time when the importers are preparing for the heavy movement of wheat from the Southern Hemisphere following the harvesting of the new crop in that part of the world. Until late in November shipments from Argentina had for some months been averaging in the vicinity of 1,500,000 bushels weekly, and from Australia slightly under 2 million bushels weekly. Meanwhile, there has been a marked increase in shipments from North America and a decline in shipments from Russia.

The beginning of the new crop movement from the Southern Hemisphere will result in Argentina and Australia supplying a much larger proportion of import requirements than in the latter part of the calendar year. Usually Australian shipments begin to increase in December and reach a high level during the latter part of January, whereas Argentine shipments do not show much of an increase until January and do not reach their peak until February or March.

With the approach of the season when the role of Southern Hemisphere wheat in the world markets becomes more important, there are two questions which are of outstanding significance in the wheat market. First, how nearly will the Southern Hemisphere supplies come to supplying the needs of importers pending the time when the 1932 crops are available in the Northern Hemisphere? Second, what are the prospects for the development of the winter wheat crops in the Northern Hemisphere? With crops in both Argentina and Australia somewhat smaller than they were last year and with only small increases indicated in the carry-overs of these countries, they will probably not be in position to supply quite as large an amount of wheat to the importing countries as was the case last year. Hence, the importing markets of the world will continue to depend to a considerable extent on supplies available in the United States and Canada. The development of the winter crop in the United States will be of especial significance in affecting the prices at which United States holders of wheat will be willing to dispose of their surplus stocks.

CORN

The rise in market prices of cash corn which started early in October continued through mid-November, but the decline of the next two weeks resulted in most of the gains being lost. Although for a time corn exhibited greater strength than wheat, in that, rising prices were maintained through a longer period, it later exhibited greater weakness, in that the decline wiped out a larger proportion of the previous gains. The relatively greater decline of corn is attributable to the fact that the heavy corn marketing season is just beginning.

The United States average farm price of corn as of November 15 was 36.6 cents per bushel compared with 33.4 cents a month earlier and 66.3 cents in November 1930. At the principal markets prices also were higher in November than in October, No. 3 Yellow at Chicago averaging 42.7 cents per bushel in November compared with 38.1 cents in October. The weekly average price of No. 3 Yellow at Chicago, which had reached a low of 36.5 cents for the week ended October 9 was higher for each subsequent week until a high level of 44.3 cents per bushel was reached for the week ended November 20. For the two following weeks the average was 42.0 and 38.5 cents respectively.

Corn receipts at primary markets during the past month have been light. For the month of November receipts at 14 markets totalled only 11.8 million bushels compared with 17.1 million last year and an average for the past five years of 20.7 million bushels. The low level of receipts despite a much larger crop than that of last year is indicative of the reluctance of farmers

to market their corn at current price levels. Insofar as the reluctance to sell results in smaller total marketings for the season it will tend to keep prices above the level which would otherwise prevail, but insofar as it results in postponement of marketing it will principally affect the seasonal course of prices.

Geographical differences in corn prices are unusual this year, due principally to the drought in the northern Great Plains area. As one proceeds from the central to the northwestern part of the Corn Belt this year prices become higher, whereas they are usually higher in the central part of the Corn Belt. This is indicated by comparing November 15 prices for this year with those of preceding years:

	1926	1927	1928	1929	1930	1931
Illinois	58	73	69	77	61	30
Iowa	58	69	66	71	56	35
South Dakota	57	58	62	64	46	39

In each of the preceding years prices were lower in South Dakota than in either Illinois or Iowa. The nearest approach to this year's situation which has occurred in any recent year was in 1926 when prices in South Dakota were only slightly below Iowa and Illinois. In that year, however, the shortage of corn and other feeds was in the Southwest, rather than in the Northwest with the result that corn prices were higher in Nebraska and Kansas than in South Dakota, while this year the reverse is true.

Note the November 15 farm price of Corn in South Dakota, Nebraska, and Kansas

	1926	1927	1928	1929	1930	1931
South Dakota	57	58	62	64	46	39
Nebraska	70	62	72	70	52	37
Kansas	73	61	65	77	61	32

These geographical differences in prices are closely related to geographical differences in corn production. Note for the same States and years the yield per acre of corn expressed as a percentage of the 1920-1929 average yield of each State.

	1926	1927	1928	1929	1930	1931
Illinois	98.6	84.5	108.2	98.6	71.8	104.2
Iowa	97.3	88.5	103.5	98.5	81.0	83.5
South Dakota	70.6	113.7	82.4	89.4	60.8	20.4
South Dakota	70.6	113.7	82.4	89.4	60.8	20.4
Nebraska	58.3	124.4	89.5	97.7	96.6	62.0
Kansas	51.4	140.2	126.2	81.8	56.1	81.8

Naturally the relatively high prices of corn in the Northwestern part of the Corn Belt are not due only to the small production of corn in that region. The drought also resulted in small yields of other feed grains and of hay and in poor pasture conditions.

The shortage of feedstuffs in the Northwest and the consequent relatively high prices of corn in that region is apparently resulting in some movement of corn from the interior Corn Belt to the drought stricken States. How large the movement has been is not known. To some extent movement of corn to the Northwest will reduce the commercial supplies available for industrial and other uses in other parts of the country. Small receipts of corn at the primary markets are presumably due partly to the fact that some of the marketings in the central Corn Belt are moving to the Northwest and not passing through terminal markets. Nevertheless, there has been sufficient other evidence of a holding movement among farmers to indicate that actual marketings have been below normal.

Industrial utilization of corn as indicated by wet-process grindings showed a slight improvement over October and was well above November of last year. Grindings in November amounted to 6,348 thousand bushels compared with 6,318 thousand in October and 5,434 thousand bushels in November of last year. October and November of this year are the only months since October 1929 during which reported wet-process grindings exceeded those of the corresponding month of the previous year. The increase this year is no doubt due in part to mills restricting grindings last year in anticipation of lower prices this year. Whether the increased grindings may reflect an increased demand for corn products as well as a replenishing of stocks remains to be seen.

With receipts small and industrial utilization increased, commercial stocks of corn did not increase much during November and early December. From a level of 7.3 million at the end of October they increased to 9.8 million as of November 28 and then decreased to 9.6 million on December 5. The net increase from October 30 to December 5 of 2.3 million bushels compares with an increase during the corresponding period of last year of 2.9 million bushels and an average increase for the past four years of 2.6 million bushels. Stocks of 9.6 million bushels as of December 5 compared with 7.5 million last year and a 4-year average of 10.5 million bushels.

TOBACCO

Prices for the principal types of American-grown tobacco apparently have been established at levels materially lower than in 1930. Declining consumption, reduced exports, and in most cases larger supplies have been the principal causes.

In Kentucky, where markets recently have opened for burley and most of the dark types, prices at auction floor sales have been reported so low that they have resulted in extreme dissatisfaction among growers. In protest, numerous farmers meetings have been held, warehousemen have been forced to stop sales and even violence has been threatened in some instances. According to the best available data, average opening prices in cents per pound for the various types in 1931 and 1930 respectively were as follows: Henderson, 5.20 and 9.11; Green River, 4.46 and 8.71; One Sucker, 4.00 and 7.75; Burley, 11.74 and 17.80.

Reports from Tennessee indicate that opening prices for burley in that State were approximately 11 cents per pound compared with 20 cents in 1930 and prices of dark fired tobacco opened at around 7.50 cents compared with 11 cents a year ago.

The situation regarding flue-cured and Virginia fire-cured tobacco has not changed materially during the past month. Continued weakness of prices prevailed, and it appears that the average of auction floor prices has been fully 30 per cent lower than in 1930.

Consumption has been reduced in most parts of the world where American-grown tobacco is used. This seems to have resulted from the reduced buying power of consumers, brought about by the world wide depression, and the maintenance of high prices for tobacco products. In Europe, where from 25 to 30 per cent of the United States tobacco production is used, consumption in 1931 is reported to be approximately 10 per cent less than in 1930. In the United States, also, the sales of internal revenue stamps indicate that consumption has been reduced in 1931, the decline being greater in the second half of the year than in the first. During the four months, July to October, domestic consumption of the various products, as indicated by the sales of these stamps, in 1931 compared with 1930 were as follows: cigarettes, 10.8 per cent less; cigars, 12.1 per cent less; manufactured tobacco (chewing and smoking combined), 1.5 per cent greater; snuff, 3.0 per cent greater. In recent years cigarettes and cigars have represented about 55 per cent of the total consumption in the United States and manufactured tobacco and snuff, about 45 per cent.

The movement of leaf tobacco into export trade since July 1931 has been very much smaller than usual during this period. Reduced shipments have been made in practically all of the export types but the principal reductions have occurred in flue-cured and fire-cured; types which recently have represented about 90 per cent of the total exports. From July to October, inclusive, exports of these types in 1931 totaled only 125 million pounds as compared with 181 million pounds for the same period in 1930. Smaller takings by the United Kingdom and Continental Europe appear to have been responsible for most of this decline, but reduced purchases have been made by a number of other countries as well.

In general, domestic supplies of most of the United States types of tobacco in 1931 are larger than usual, particularly when considered in relation to disappearance. Stocks of old leaf are materially larger than they were a year ago, and the 1931 production has been officially estimated to be slightly larger than the record crop of 1930. Record supplies are now available for burley and southern Maryland tobacco, the supply of flue-cured is the second largest on record, while that for most of the other types is larger than for any of the past several years.

POTATOES

The average price of potatoes received by growers in the United States declined only slightly from 46.2 cents per bushel on October 15 to 45.7 on November 15 compared with 95.0 a year ago. This apparent stability in the general average has in the past characterized potato prices in the winter months in seasons of ample supply and curtailed consumer purchasing power.

Since November 15 f.o.b. prices at shipping points in surplus producing areas have strengthened about 5 cents per 100 pounds, probably as a result of recent light shipments. At Presque Isle, Maine, prices have risen from 40-45 cents per 100 pounds on November 21 to 43-48 cents on December 5. At Rochester, New York from 65-70 cents per 100 pounds to 70-75. At Idaho Falls, Idaho, from 60-70 to 65-75. No advances took place at West Michigan points during this period.

Shipments continue to remain below those of last year, in spite of a larger available supply. In November total shipments amounted to 14,400 cars compared with 16,500 in November last year. In October shipments were 24,400 compared with 29,100 in October of last year. These light marketings, while tending to sustain current prices, imply a relatively larger supply than usual available for marketing later in the season.

RICE

Prices of milled rice in the Southern Belt were steady during the month of November. Fancy Blue Rose at New Orleans ranged from $2.87½ to $3.00 per hundred pounds during the month as compared with $2.75 for October and $3.50 for November, 1930. Fancy Blue Rose on the London market averaged about $3.18 per hundred pounds during the first two weeks of November, thus the spread between New Orleans and London prices for this variety and grade was about 24 cents per hundred pounds. During the corresponding period last year the spread was about 41 cents per hundred pounds.

Rough rice prices at Southern mills advanced during November. Blue Rose was selling at Texas and Louisiana points at $2.50 per barrel on December 3 as compared with $2.25 during the first week of November.

The movement of rough rice from farms to mills in the Southern Belt during November was somewhat lighter than either the October or September movements. The total marketings of rough rice for the crop year to December 1 were about 4,888,000 barrels as compared with 4,795,000 barrels for the corresponding period last year. This relatively small marketing of rough rice helps to account for the fact that rough rice prices during November advanced while milled rice prices remained stationary. Stocks of rough and milled rice in millers' hands on December 1 were reported to be the equivalent of 2,041,000 pounds of milled rice compared with 175,000,000 pounds a year earlier. Stocks remaining on farms on December 1 were calculated to be about 4,500,000 barrels as compared with 5,037,000 a year earlier. The movement of milled rice into consuming channels during November was about average for that month but was somewhat below the October movement. Exports during November totaled about 24,000,000 pounds as compared with 37,000,000 for November last year. Total exports for the crop year to December 1, however, totaled slightly more than the 60,000,000 pounds exported during the corresponding period last year. Shipments to Porto Rico during November totaled about 21,000,000 pounds as compared with 18,000,000 for November, 1930. Shipments to this market from August 1 to December 1 totaled about 59,000,000 pounds as compared with 65,000,000 for the corresponding period last year.

Prices of milled rice at San Francisco continued unchanged during November. Fancy California-Japan was quoted at $3.05 per hundred pounds on December 5. The average price for this grade during November, 1930 was

$3.57 per hundred pounds. No. 1 Paddy at growing points on December 5 was selling at from $1.30 to $1.40 per hundred pounds as compared with $1.25 per hundred a month earlier.

Exports of California rice continued at a low level during November. Small amounts of brown rice moved to Canada. During October exports of this variety totaled 390,936 pounds as compared with 625,112 pounds during October 1930. Shipments to Hawaii during November totaled over 6,000,000 pounds which was about the same as the movement to that market during November, 1930. Shipments from August 1 to December 1 totaled about 26,000,000 pounds as compared with 27,852,000 pounds for the corresponding period last year. Exports to Japan during November were practically negligible except for screenings, which may be accounted for by the relatively narrow margin between Tokio and San Francisco prices. The price of middle quality brown rice at Tokio advanced during the first two weeks of November. The quotation on November 18 was $2.74 per hundred pounds. No. 1 Brown at San Francisco was quoted at $2.75 per hundred pounds on the same day. The total domestic supplies of Japanese rice for the 1931-32 crop year were reported to be 20,130,000,000 pounds. The total requirements for Japan for 1931-32 have been calculated to be somewhat above 22,000,000,000 pounds. The deficit in Japan is usually made up largely of inshipments from Taiwan and Chosen and imports from Asiatic countries.

HOGS

Larger slaughter supplies than a year ago, and all hogs selling within a narrow price range at the lowest levels in more than thirty years are the outstanding features of the December hog situation. The hog price trend has been almost steadily downward since late July when the weekly average at Chicago was $6.59. The average of $4.18 for the second week in December was the lowest for that market since the fall of 1899. The November average at the same market of $4.61 was also a new record low for that month during the present century. Last year the average for November was $8.55.

The increase in slaughter supplies of hogs in November over October was about normal. The number of hogs slaughtered under Federal inspection during the month was 4,218,000, an increase of 11.3 per cent over October and an increase of 4.8 per cent over November of last year. This was the third successive month in which slaughter exceeded that of the corresponding month of 1930. The average weight of hogs marketed during November decreased seasonally from October and was slightly less than that of November last year. Slaughter at 9 centers during the two weeks ended December 11, was 29 per cent greater than in the corresponding period last year and indicated that the total slaughter for December will be considerably larger than the relatively small slaughter of December 1930.

The decline in hog prices along with an increase in corn prices in November resulted in a material reduction in the hog-corn price ratio. Based on Chicago prices, the November ratio was 10.8 as compared with 13.3 in October and 12.0 in November last year. The decline in the ratio based on farm prices reported as of the 15th of the month was even greater. The November Corn Belt hog-corn price ratio was 12.1 as against 15.3 on October 15 and 13.9 on November 15, 1930.

Wholesale prices of both fresh and cured pork cuts also declined materially during November, although the price of fresh pork followed the tendency of the live hog market in advancing during the second week of the month. Price declines were greatest on light loins. Lard prices were fairly steady during the month. There was a slight advance during the third week but this was not fully maintained during the final week. The November price of refined lard at Chicago averaged $8.47 as compared with $8.59 during October and $12.31 in November last year.

Exports of hog products continue relatively small despite the low level of pork and lard prices. Although total exports during October were 4 per cent larger than those of October 1930 they were 26 per cent smaller than the 3-year October average.

The movement of pork into domestic consumptive channels has been relatively heavy since last August. Consequently, storage stocks of pork are now not greatly different from those of a year ago. Stocks on December 1 amounting to 394 million pounds were 13 million pounds, or 3.5 per cent larger than those on November 1 but they were 4 per cent smaller than those on December 1 last year and 10 per cent smaller than the 5-year average for that date. Lard stocks decreased 6 million pounds, or 15 per cent, during November. The total of 34 million pounds on December 1 was 7 per cent larger than that of a year ago but it was 35 per cent smaller than the 5-year average for the date. Because of continued weak demand for dry salt cuts and the relatively large proportion of light weight hogs in the market the proportion of the total live weight of hogs slaughtered which was rendered into lard during September and October was somewhat greater than in the same period last year.

Marketings of hogs in November 1930 and 1931 reflected quite closely the feed situation in different sections of the Corn Belt in the two years. In 1930, the Eastern Corn Belt was short on corn due to the drought. As a result, there was a heavy early movement of hogs to markets from this region which showed plainly in the November marketings. In the Western Corn Belt, corn supplies were relatively large and, with a favorable feeding ratio, marketings were delayed and the November movement from this region was below average. This year, the Eastern Corn Belt had a large corn crop, whereas in much of the Western Belt the crop was very small. This has resulted in delaying the marketing of hogs in the Eastern Belt, as shown by receipts at Eastern Corn Belt markets, and in advancing the movement to markets like Omaha, Sioux City, and St. Paul. The increase in total slaughter in November over last year was due to marked increases in supplies at those markets.

Last winter the distribution was such that supplies were relatively light early in the winter and large in the late winter. This distribution together with a continued decline in consumer demand and the general price level resulted in the winter low of hog prices being made in late February.

CATTLE

The movement of cattle prices during November was quite variable among different kinds and grades. Choice and prime steers continued to advance and in the last week in November they reached a weekly average above $12.00 for the first time since last January. The price of good beef steers, which had followed the upward trend of choice steers from the low point of last May until early November, closed the month at about the same level as at the end of October. Medium steer prices also tended to weaken during November, but common steers made some recovery. Butcher cattle prices strengthened somewhat during the first part of November, but most of this was lost before the end of the month. Stocker and feeder cattle prices made some advance during the month. Veal calves during November reached the lowest level in twenty years. During the first week of December prices for nearly all kinds of cattle, except choice heavy steers, declined sharply, with the lower grades reaching the lowest level of the year.

The relatively high prices for choice steers in recent weeks and the low prices for the poorest grade of slaughter steers has resulted in a price spread that is among the widest on record. A situation like the present, in which the top price on cattle is three times as high as the top on hogs and twice as high as the top on lambs, is unprecedented in the history of the livestock industry.

Supplies of cattle in November continued small. Receipts at 7 markets were 20 per cent larger than in November 1930, while inspected slaughter was 1.5 per cent larger, but 22 per cent below the 5-year November average and the second smallest for the month since 1913. Calf slaughter was about 6 per cent larger than in November 1930 but 7 per cent smaller than the 5-year average.

The number of choice steers at Chicago in November was only about half as large as in November 1930 but the number of good and choice combined was larger than last year and above the 5-year average for the month. Apparently the high level of prices for these grades compared with other cattle and with other meat animals, cannot be explained on the basis of supplies at this market.

The demand for feeder cattle improved somewhat during the month and shipments into the Corn Belt during November were a little larger than a year earlier and relatively large compared to the total movement for the five months, July to November. Feeder preference continued to be shown for calves and light weight steers, and the movement of these kinds from 4 leading markets was much larger than in November 1930. The total five months movement into the 11 Corn Belt States was about the same as in 1930, and was larger than in 1927 but considerably smaller than in 1926, 1928 or 1929. The distribution of shipments this year was considerably different from last with a sharp decrease into the States west of the Missouri River and the largest movement in five years into the States east of the Mississippi.

The marketings and slaughter of cows and heifers, which tended to increase in the early summer of this year, has since shown a sharp falling off, and in October was 13 per cent smaller than the small number in October 1930. For the four months July to October the decrease from last year was about

100,000 head or 7½ per cent. For these same months total slaughter also decreased about 100,000 head with the decrease apparently nearly all in cow slaughter. During the same months shipments of stocker and feeder cows and heifers from 4 leading markets to the country were 8 per cent smaller than a year earlier. Cow marketings apparently have been relatively small both for beef and dairy cows except from the western drought area where the feed situation forced marketings of all kinds of cattle.

BUTTER

Butter production increased in October instead of making the usual seasonal decline, and even though cold storage holdings are low, prices in November averaged lower than in October. Foreign prices (on a gold basis) are lower than domestic prices by approximately the amount of the tariff.

The price of 92 score butter at New York in November averaged 30.9 cents per pound as compared with 33.8 cents in October and 36.1 cents a year ago. During the latter half of October butter prices declined sharply, 92 score butter at New York dropped from 35.6 cents for the week ended October 17 to 29.2 cents for the week ended November 7. During the first half of November the price rose to 33.0 cents but declined during the latter half of November and averaged 30.5 cents for the week ended December 5. The seasonal peak of prices usually comes in December. This year the seasonal peak probably came in October.

Production of creamery butter in October of 121.1 million pounds was only slightly greater than a year ago but 2.4 per cent larger than in September. This was the first time in the fifteen years for which monthly data on production are available that October production was greater than that of the preceding month. The seasonal decline in production from September to October usually amounts to about 12 per cent.

The index number of the volume of production of the important manufactured dairy products adjusted for seasonal variation, 1925-1929 = 100; (creamery butter, cheese, condensed and evaporated case goods) rose from 99 in September to 114 in October.

Weekly reports during November indicated that butter production was increasing as compared with last year's record November production of 102 million pounds.

The trade output of creamery butter in October of 148.5 million pounds was 4.6 per cent greater than a year ago, as compared with increases of 6.4 per cent in September and 5.6 in August. The retail price of butter in American cities in October as reported by the Bureau of Labor Statistics was 39.9 cents or 16.5 per cent less than in October 1930. Based on these data on retail prices and movement of butter into consumptive channels the amount of money spent by consumers for butter in October was about 11 per cent less than a year ago and 23 per cent less than two years ago.

Cold storage holdings of creamery butter on December 1 of 42.3 million pounds were 45.7 million pounds less than a year ago, and the lowest on record for December 1. Since current production is larger than a year ago and promises to continue large, the full effect of the low storage stocks will not be felt.

During the past month butter prices in the depreciated currencies of foreign countries which have recently abandoned the gold standard have continued fairly steady. With continued depreciation in foreign currencies foreign prices on a gold basis have declined relative to domestic prices and have made the margin of domestic prices above foreign prices about equal to the present tariff rate of 14 cents. On December 3 the price of 92 score butter at New York was 12.1 cents higher than the price of No. 1 pasteurized at Montreal, 14.2 cents higher than finest New Zealand butter in London and 12.1 cents higher than the official export price at Copenhagen.

CHEESE

Cheese production increased in October instead of making the usual seasonal decline. Prices in November averaged lower than in October. Stocks of cheese are relatively high, while stocks of most dairy products are low.

The price of twins on the Wisconsin Exchange in November averaged 12.3 cents per pound as compared with 13.4 cents in October and 16.0 cents a year ago. The ruling price declined from 14.0 cents on October 2 to 12 cents on November 6. From November 6 to December 4 the ruling price was unchanged.

Cheese production during October of 43.3 million pounds was 23.9 per cent larger than a year ago and 13 per cent larger than in September. Ordinarily cheese production in October is about 8 per cent less than in September. During the spring and summer the weather in Wisconsin was unusually dry but after the first of September there was considerable rain, and warm weather; grass was still growing in the middle of November. The favorable weather tended to stimulate milk production.

Receipts of cheese at Wisconsin warehouses during November of 14.7 million pounds were 24 per cent larger than a year ago, so that total production in November was probably considerably larger than a year ago.

Trade output of cheese in October of 51.7 million pounds was 6.9 per cent larger than in October 1931, while trade output in September was only 2.3 per cent larger than in the preceding year. The retail price of cheese in October as reported by the Bureau of Labor Statistics of 27.1 cents per pound was 21 per cent less than last year. On the basis of the trade output and retail prices it would be estimated that the amount of money spent by consumers for cheese in October was about 15 per cent less than in October 1930.

Cold storage holdings of American cheese on December 1 of 60.6 million pounds were 10.5 million pounds less than last year. The net out-of-storage movement during November of 3.4 million pounds was less than 50 per cent as great as last year and 46 per cent as great as the 5-year average.

During the first eight months of 1931 imports of cheese were about 20 per cent less than in the corresponding months of 1930. In September and October, however, imports of cheese of 12.7 million pounds were 19 per cent larger than in the same period of last year. With the currencies of many of the important producing and importing countries of Europe at a marked discount the United States has become a more favorable market for foreign supplies.

EGGS

Egg prices continued their seasonal rise through November, and then declined about 7 cents during the first ten days of December. A similar decline occurred in early December last year although egg prices normally continue to rise during early December. Fresh extras at New York averaged 35.7 cents in November, which was 4.4 cents above October and 16.6 cents above the June average. The corresponding price advances last year were 10.1 cents and 18.9 cents respectively when the November average was 8.5 cents higher than this year. The farm price rose from 22.7 cents on October 15 to 26.4 on November 15 and is 5.3 cents below that of a year ago.

Receipts of eggs at the 4 markets during November were 525,000 cases as compared to 545,000 cases a year ago and a 5-year average of 521,000 cases. In view of a smaller number of laying birds in farm flocks this year than last, much lighter receipts were generally expected. Prominent among the factors maintaining production has been the unusually favorable weather this fall.

Storage stocks of case eggs on December 1 were 3.4 million cases as compared to 4.2 million a year ago and a 5-year average of 3.3 million cases. Stocks of frozen eggs are 86.3 million pounds as compared to 89.6 million pounds a year ago.

POULTRY

The farm price of chickens on November 15 was 14.4 cents, the same as the previous month and 1.7 cents below the price a year ago. During the past five years the November price has averaged about a half cent below the October price. The seasonal decline in the farm price of chickens is usually over by the end of the year.

With fewer chickens on farms than a year ago, receipts, which earlier in the season were exceptionally heavy, are now below those of a year ago. Storage holdings are above the low stocks of last year but below average. Receipts of dressed poultry at 4 markets during November were 62.9 million pounds as compared to 65.9 million pounds a year ago and a 5-year average of 65.3 million pounds. Receipts from July 1 to December 1 were 176.9 million pounds as compared to 162.5 million pounds for the same period a year ago, but this year's receipts have been running below those of 1930 during October and November. Numbers of hens and pullets on farms November 1 were 5 per cent below those of a year ago and 2½ per cent below November 1 5-year average.

Storage stocks of frozen poultry on December 1 were 90.0 million pounds as compared to 82.9 million pounds a year ago and a 5-year average of 94 million pounds. Storage holdings are of particular significance at this time of the year as they indicate the size of one of the major sources of supply during the next spring and summer.

LAMBS

The lamb market during November was at the lowest level of prices for any month this year and the lowest since 1911. With the exception of 1911 it is necessary to go back to 1904 to find a lower level. At the beginning of the month the top on lambs at Chicago was about $6.85 with the bulk of good and choice lambs selling from $6.00 to $6.50. About the middle of the month prices declined about 50 cents and for several days very few lambs sold above $6.00. A temporary recovery from the low level was followed by another decline which in the early days of December reached another low point where no lambs sold above $6.00 and the bulk of good and choice fed lambs sold for $5.00 to $5.50.

Feeder lamb prices, which did not reflect the declines in fat lambs during October, dropped sharply during November with the top on such kinds going below $5.00 at Chicago. The average cost of feeder lambs at Chicago in November was about $4.55 cents, compared to $5.00 in October and $6.85 in November 1930. The average weight in November was about 6 pounds below that of November, 1930.

Supplies of lambs and sheep in November continued large. Receipts at 7 leading markets were 34 per cent larger than in November 1930, while inspected slaughter was 15 per cent larger than November 1930, and 30 per cent larger than the 5-year November average and was the largest for the month on record. In addition to the heavy movement to markets there was also an unusually large movement direct to feed lots in Colorado and western Nebraska. At the end of October the indications were that a smaller number of lambs would be fed this year than last in each of the three important late feeding sections of northern Colorado, Arkansas Valley and Scottsbluff. But the heavy November movement into these areas brought the total to December 1 in each of them above that of 1930.

This heavy late movement was due, apparently, to the delayed marketings of feeder lambs in a number of Western States, the sharp drop in prices at range loading points in late October which continued through November, and the availability of funds for financing feeding operations when prices had reached these low levels.

Shipments of stocker and feeder lambs and sheep through markets into the Corn Belt States were also large during November being over 20 per cent larger than in November 1930 and the largest for the month since 1922. Total shipments for five months, July to November, were about 12 per cent larger than in 1930 and the largest since 1926. The total direct movement of feeder lambs into the Corn Belt States and into feeding sections in North Dakota and Texas were larger this year than last and larger numbers than on December 1 last year were reported on feed in commercial feed lots adjoining most of the large markets.

WOOL

A more optimistic attitude in the domestic wool market the second half of November and increased sales of wool following the resumption of activity after the strike in the New England worsted industry were instrumental in halting price declines in the domestic market which

began in September. Wool prices at Boston remained practically unchanged during the month ended December 5. The price of fine strictly combing Ohio and similar grease wool, for the week ended December 5 averaged 24.5 cents a pound; fine strictly combing territory wool, scoured basis, averaged 59 cents a pound while three-eights blood (56s) territory, scoured basis averaged 48.5 cents per pound, quotations on the latter grade having advanced one-half cent per pound during the week ended November 14. The average price paid to producers in November was 13.1 cents per pound compared with 12.5 cents per pound in October and 19.0 cents in November 1930.

The strength reported last month in Australian markets has been well maintained but sales in the Union of South Africa and South American centers are still hampered by exchange-rate difficulties. The sixth and final London auctions of the 1931 season opened November 24. Prices (in British currency) at the opening were generally 5 to 15 per cent above the closing prices of the previous series on October 7. By the close of the second week of the series prices were back to the October levels on most wools, the exceptions being superior scoured merinos, greasy fine crossbreds and slipes, which still showed some increase over October prices. Prices at London in terms of American currency are somewhat lower than they were in October due to the further decline in the British exchange rate which was quoted at $3.26 on December 7 compared with $3.88 on October 7.

The unsettled condition of the domestic market in October was reflected in the figures of wool consumption reported by United States manufacturers for that month. Reported consumption of combing and clothing wool was 32,344,000 pounds in October 1931 compared with 35,469,000 pounds in September and 27,900,000 pounds in October 1930. Total reported consumption of combing and clothing wool for the first ten months of 1931 was about 358,000,000 pounds (grease equivalent) which was 63,000,000 pounds or 21 per cent above the consumption reported for the first ten months of 1930 and 23,000,000 pounds or 7 per cent above the average for this period during the five years 1926-1930. Imports of combing and clothing wool remain very small. Only 33,000,000 pounds were imported during the first ten months of this year. These are the smallest imports for any similar ten-month period in the past thirty years, and compares with 64,000,000 during the first ten months of 1930 and 93,000,000 pounds imported from January 1-October 31, 1929.

Wool production in ten countries for which estimates have now been received is provisionally estimated at 2,669,000,000 pounds for 1931, an increase of 4 per cent above 1930 and also 4 per cent above production in these countries in 1928. These countries normally produce about four-fifths of the world clip, exclusive of Russia and China. Unusually favorable weather and feed conditions appear to be largely responsible for the increase in countries producing the major portion of the Southern Hemisphere clip. After a considerable decline in October the combined stocks of wool tops in commission combing establishments of France, Germany, Belgium and Italy on October 31 were smaller than those reported for October 31 for the years 1928-1930. The increased activity in wool manufacture at Bradford during the past two months has probably reduced stocks at that center.

COTTON

Domestic cotton prices at the 10 spot markets have been fluctuating between 5.5 and 6.0 cents during the past four weeks and on December 12, the average at these markets was 5.68 cents per pound compared with 6.06 cents on November 13, but was still almost 3.4 cents per pound above the low point reached in early October. The November 15, United States farm price was 6.1 cents an increase of 0.8 cents over the October 15 farm price.

During the past few months prices of American cotton have become considerably cheaper relative to foreign cottons, a development which is favorable to an increase in the percentage of American cotton used by foreign spinners. In November, prices of three important types of Indian cotton averaged 90.2 per cent of the average of American (middling and Low middling 7/8 inch staple) whereas in November 1930 Indian was only 73.9 per cent of American and compares with 88.8 per cent in November, 1926; the year in which foreign spinners made a decided shift to American cotton. This is due to the increase in the relative supply of American compared with Indian, the prospects being that the supply of Indian cotton this season will be the smallest in several years whereas the supply of American is the largest on record. In the Orient, similar developments have occurred and in China American cotton has recently been quoted at lower prices than the native cotton.

Domestic mill consumption in November amounted to 429,000 running bales, 14,000 bales or 3 per cent above November a year ago, according to reports of the Bureau of the Census. The November consumption, however, was 33,000 bales or 7.2 per cent below October whereas during the past five years consumption during November has averaged only 3.6 per cent (21,000 bales) below October. Sales of cotton cloth during November as reported by the Association of Cotton Textile Merchants of New York averaged 56.1 million yards per week. This represents a marked decrease from the unusually high levels of sales during October, but was 23 per cent above November, 1930, and was the highest for the month of November since 1928. November cloth production in November was 1.9 per cent above October and was 3.1 per cent above sales. Cloth stocks increased 6.9 per cent during November and unfilled orders increased 3.0 per cent.

Due largely to the continued increase in exports of domestic cotton to the Orient the total exports during November were about 18 percent above November, 1930, but the total for the season to the end of November was still about 10 per cent below the first four months of last season according to reports of the Bureau of the Census. The export movement so far this season has been the smallest since the 1923-24 season when the crop plus the carry-over in the United States was about 47 per cent smaller than this season. November exports totaled 1,071,000 running bales compared with 908,000 bales in November last year giving a total for the four months this season of 2,854,000 bales against 3,181,000 bales last season. There were 246,000 bales exported to Japan during November this year which was 144,000 bales or 140 per cent above the same month last year. Total exports to Japan from August 1 to November 30 this season amounted to 678,000 bales compared with 365,000 bales during the corresponding period last season, or an increase of

86 per cent. The exports to Japan the first four months this season were probably the largest on record for these months. Exports to Great Britain in November were about 3 per cent above November, 1930, but for the season to the end of November were about 28 per cent below the August to November period last season.

In Great Britain the cotton textile situation continues brighter with mill activity probably 30 or 40 per cent above early October and cotton textile sales having shown even greater increases. Many mills are now operating that have been closed for periods of one to four years, unemployment figures have decreased and many operatives who were on half-time are now on three-quarter time work. Home trade has continued fairly active in the past two or three weeks while trade with the Orient has been somewhat less active. In Germany and Italy spinning and weaving mill activity in early November was reported to have either maintained the rate of previous weeks or to have shown some increase. In Germany loom activity at that time was some 10 per cent above a year earlier and in Italy mill stocks have further decreased in spite of increased production. In France, however, the industry continues much depressed, mill activity being roughly 20 to 30 per cent below last year, mill stocks of yarn and cloth 30 to 60 per cent higher than last year and unfilled orders low. The home market for French goods in November, however, was reported as broadening. Japan and China continue to feel the effects of increased competition from Great Britain and Japan is being seriously affected by the Chinese boycott, but there is now more business for the Chinese mills and they were reported in late November as being very busy.

The December estimate of United States production was only 15,000 bales above the November estimate but the indicated crop of 16,918,000 bales of 478 pounds net or 500 pounds gross is 2,986,000 bales or 21 per cent above the 1930 production. The acreage this year is estimated at 10 per cent below last year but the yield (200.1 pounds) increased about 52 pounds per acre or 35 per cent and is the highest since 1914 when it was 209.2 pounds. The present crop in addition to being the second largest on record is the best in quality of any recent crop. Up to November 1 only 5.2 per cent of the upland cotton ginned was under 7/8 inch in staple, whereas last year this was 14.2 per cent and in 1929, 20.4 per cent.

In the major foreign producing countries it is now estimated that the 1931-32 crop will be at least 500,000 bales below last year. The increase of 450,000 bales or 29 per cent in Russia being more than offset by decreases in other countries. The 1930 Russian production has recently been reduced to 1,550,000 bales. The second estimate of the 1931-32 Egyptian crop which has recently been received is 43,000 bales less than the first estimate and 375,000 bales or 22.6 per cent below last year's production. Sakellaridis is placed at 37 per cent below last year and production of all other varieties at 18 per cent below. The first official production information from India is that the crop in Punjab, one of the most important cotton provinces, is estimated to be about 30 per cent below 1930 and in Madras (a less important province) the crop is expected to be about the same as last year. The total acreage planted in India up to October 1 is about 4.2 per cent below last year.

Business Statistics Relating to Domestic Demand

Year and mo.	Industrial production 1/ (1) 1923-1925 =100	(2) Trend = 100	(3) June 1929 =100	Factory payrolls 2/	Factory employment 2/	Commodity: At farms 3/	U.S. Wholesale 4/ 1910-1914 =100	U.S. Wholesale 4/ 1926 =100	Foreign 5/	Interest rates 6/	Industrial stock prices 7/
1929											
June	126	113	100	110	102	135	141	96	93	6.00	315
July	124	111	98	109	102	140	143	98	94	6.00	344
Aug.	123	110	97	110	102	143	143	98	93	6.03	361
Sept	122	109	96	110	101	141	142	98	94	6.12	365
Oct.	118	105	93	106	100	140	141	96	93	6.09	321
Nov.	108	96	85	101	98	136	138	94	92	5.55	233
Dec.	101	90	79	98	95	135	136	94	91	5.00	247
1930											
Jan.	104	92	81	97	94	134	136	93	90	4.89	252
Feb.	107	94	83	95	93	131	134	92	88	4.65	268
Mar.	104	92	81	94	92	126	133	91	86	4.18	277
Apr.	107	94	83	95	92	127	132	91	86	3.88	288
May	104	91	80	93	91	124	130	89	84	3.69	269
June	100	88	77	91	89	123	127	87	84	3.54	239
July	95	83	73	85	86	111	123	84	83	3.16	232
Aug.	91	79	70	82	85	108	123	84	83	3.00	231
Sept	91	79	70	83	84	111	123	84	81	3.00	232
Oct.	87	76	67	78	83	106	121	83	79	3.00	196
Nov.	85	74	65	74	81	105	117	80	79	2.90	182
Dec.	82	71	62	73	79	97	114	78	77	2.88	170
1931											
Jan.	83	72	63	70	78	94	112	77	76	2.80	168
Feb.	86	74	65	72	77	90	110	76	75	2.62	181
Mar.	88	76	67	72	78	91	109	74	75	2.55	182
Apr.	90	77	68	72	78	91	107	73	75	2.38	162
May	89	76	67	71	78	86	104	71	73	2.20	145
June	84	72	63	68	76	80	103	70	73	2.02	138
July	83	71	62	67	75	79	102	70	72	2.00	143
Aug.	79	67	59	64	74	75	102	70	71	1.96	139
Sept	76	64	57	62	73	72	101	69	70	2.00	119
Oct.	74	63	55	58	70	68	100	68	70	2.98	102
Nov.						71					104

1/ Federal Reserve Board, 1923-1925 = 100. (1) adjusted for seasonal.
(2) adjusted for seasonal and trend.
(3) per cent of peak in June, 1929.

2/ Federal Reserve Board, 1923-1925 = 100, adjusted for seasonal.

3/ U.S.D.A., August 1909 - July, 1914 = 100.

4/ Bureau of Labor Statistics.

5/ Weighted average of indexes for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands, 1926 = 100.

6/ Commercial paper at New York, adjusted for seasonal.

7/ Dow-Jones index is based on daily average closing price of thirty stocks.